

Herald Tribune

Published with The New York Times and The Washington Post

No. 30,755

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PARIS, WEDNESDAY, JANUARY 6, 1982

Established 1887

Clark Is Appointed To Replace Allen

WASHINGTON — President Reagan has appointed Deputy Secretary of State William P. Clark as White House national security adviser to replace Richard V. Allen, who resigned under pressure.

Mr. Clark, 50, will have greatly expanded powers in a reorganized White House national security structure that, in effect, removes presidential counselor Edwin Meese 3d from direct control over foreign policy formulation.

An announcement Monday by deputy press secretary Larry M. Speakes explained the expanded role of the national security adviser, saying that Mr. Clark "will be responsible for the development, coordination and implementation of national security policy, as approved by the president."

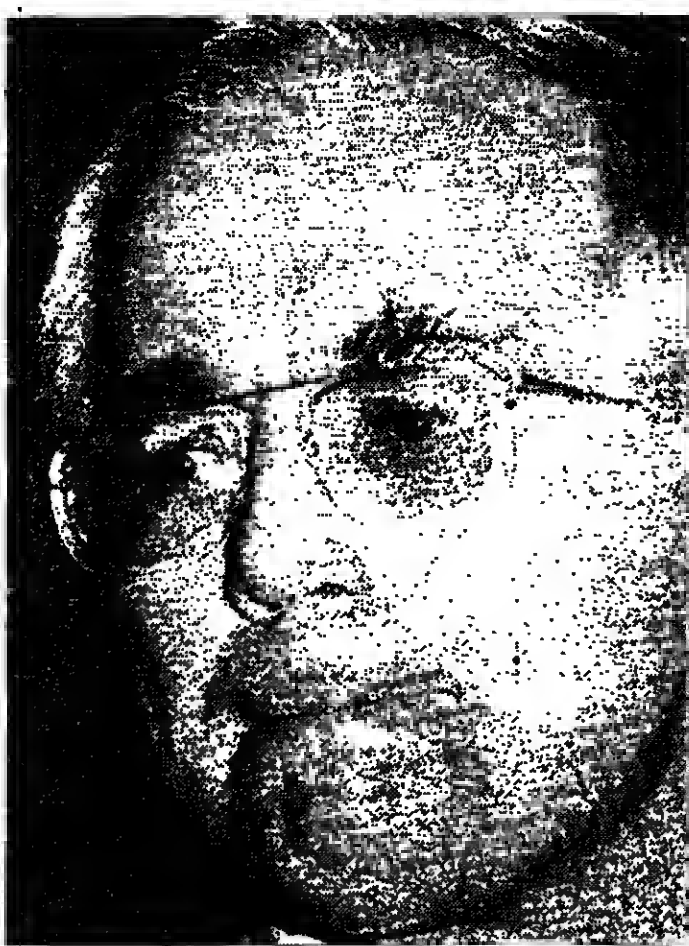
Mr. Clark said he will brief Mr. Reagan daily, or more frequently if the situation requires it. He made clear the shift in Mr. Meese's duties by explaining that, although Mr. Meese remains the counselor to the president for domestic and foreign issues, he will have a hand in foreign policy matters only when they have an impact on domestic issues.

However, Mr. Clark, noting that he has known Mr. Meese for 16 years, said he hopes that Mr. Meese will usually be present when he briefs the president. Mr. Clark was Mr. Reagan's first chief of staff in the California governor's office and recruited Mr. Meese and White House aide Michael K. Deaver to work for Mr. Reagan, who appointed Mr. Clark to a series of jobs.

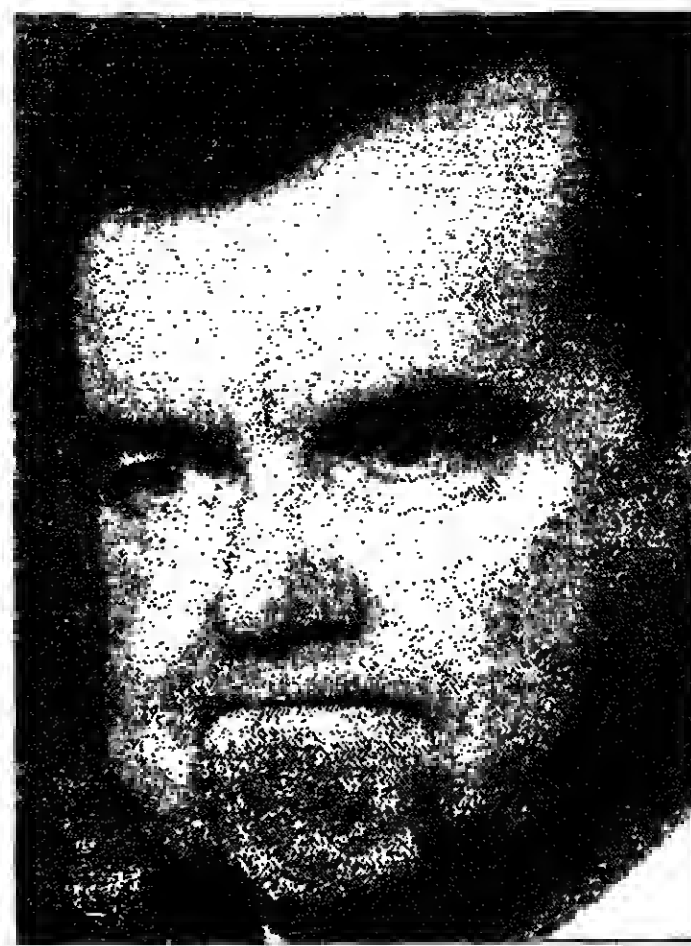
Speculation about Mr. Clark's successor in the State Department centered on Assistant Secretaries Lawrence S. Eagleburger and James L. Buckley. Mr. Eagleburger has been planning to leave the government for a higher paying job in private industry, but it was thought that he might stay if offered Mr. Clark's job.

Mr. Clark left a seat on the California Supreme Court to come to Washington as deputy secretary of state.

He said he does not expect to play a large role as a public spokesman for the president on foreign policy matters. Mr. Clark played a role in the administration's review of its foreign policy structure that led to the expansion of the national security adviser's authority.



Richard V. Allen after turning in his resignation.



William P. Clark after being named national security adviser.

Reagan Presses Allies on Poland

President Urges 'Forceful' Response To Crisis After Talks With Schmidt

By Michael Getler
Washington Post Service

WASHINGTON — President Reagan held two and a half hours of talks with West German Chancellor Helmut Schmidt on Tuesday, with Mr. Reagan emphasizing afterward his "belief that a tangible alliance response to the Polish crisis must be made now."

Mr. Schmidt said he agreed with the president's statements, which underscored Soviet responsibility in the crisis and the need for a "forceful" Western response.

Mr. Reagan, with the West German leader by his side, said, "Should we fail to insist that the Soviet Union stop pressuring Poland directly and indirectly, the gravest consequences for international relations could ensue."

The president said he and Mr. Schmidt had "thoroughly discussed the extent of Soviet involvement in the repression being waged against the Polish people and the need for forceful Western measures to induce both the Polish and Soviet authorities to lift martial law, release all those who have been detained and permit resumption of a national dialogue leading to a general reform."

Mr. Reagan's statements on Poland and Soviet responsibility were very strong, and the general tone of the departure scene at the White House South Lawn seemed to many observers to be quite cool.

Mr. Schmidt said that he can "fully subscribe to what your president told you about the contents and results of our discussions."

He did not mention the Soviet Union specifically. However, U.S. officials later said that they took Mr. Schmidt's subscription to what the president said as an endorsement of the view held by the Reagan administration of Soviet involvement in the Polish crisis.

The administration officials, who asked not to be identified, suggested after the summit meeting that arms talks in Geneva on European-based missiles, now in recess, should continue under the present circumstances. But they said that the question of whether U.S. Secretary of State Alexander M. Haig Jr. and Soviet Foreign Minister Andrei A. Gromyko will meet this month for a possible start on strategic arms talks is under review and will depend in part on events, presumably in Poland.

Sen. John H. Glenn Jr., Democrat of Ohio, said that at the breakfast meeting the chancellor "repeated several times during the meeting that he was not consulted in advance and was expected to fall in." Sen. Richard G. Lugar, Republican of Indiana, said Mr. Schmidt's "major point" was that "he feels he has not been consulted."

Sen. Patrick J. Leahy, Democrat of Vermont, said Mr. Schmidt cited, in contrast, the Kennedy administration's handling of the Cuban missile crisis in 1962, "where the consultation was excellent and there was uniform support."

State Department officials said Monday that the administration was intent on not allowing the trouble in Poland to produce a crisis in the alliance. But other officials said the feeling in the White House was that the time had come to talk bluntly to Mr. Schmidt about the potentially grave consequences for the alliance if the European response continued to be perceived as weak.

None of the NATO allies so far has gone along with the Reagan administration's economic sanctions against Moscow. West Germany's response to the crisis, however, is viewed by the U.S. administration as the weakest of the major allied powers. Yet West Germany is the key member of the alliance, especially in terms of influencing the Soviet Union.

Officials said that the possibility of trying to halt West European participation in the proposed Soviet gas pipeline project still is a live topic in the White House, and that some future U.S. economic measures could involve pressure on U.S. banks to call in loans to (Continued on Page 2, Col. 3)

Allen's Fall: Discontent at Top, Not Scandal, Was the Key

By Martin Schram
Washington Post Service

WASHINGTON — Edwin Meese 3d offered a cordial greeting to his visitor, Richard V. Allen, and then let him know where things stood.

The president wanted Mr. Allen's resignation, Mr. Meese said. There was no way out of it.

The word came as no surprise to Mr. Allen, as he sat Monday afternoon in the prestigious corner office that had belonged to past White House national security advisers but had never been his. The newspapers had even printed the name of his successor.

But Mr. Allen was not yet ready to yield. As he recalled, and Mr. Meese later confirmed, Mr. Allen said that he worked for the president and not one else, and if that was what the president desired, he wanted to hear it directly from him.

It was 2 p.m.; time for Mr. Allen's scheduled meeting with President Reagan. He left Mr. Meese's office, walked around the bend in the corridor and was ushered into the Oval Office, where he quietly made his last stand.

"I suggested to the president that I wanted to be reinstated, but I understood he might have other ideas," Mr. Allen said.

The president had other ideas. And so,

on the day when he was exonerated of any illegality or even impropriety in the scandal that had become linked with his name, Richard Allen left the permanent employ of the man he had worked for years to elect.

Mr. Allen lost his job, in the end, not because of the \$1,000 in cash he received from Japanese journalists; not because of the three watches he received and kept; not because of the contacts with his former business associates; not because of the errors on his financial disclosure form. The Justice Department ruled weeks ago that he had broken no laws, and the White House counsel's office said Monday that he had violated no codes of conduct.

Mr. Allen was replaced as the president's national security adviser mainly because the president and his top advisers had concluded that they did not like the way things had worked out with him in the job.

Coordination and communication between Mr. Allen and Secretary of State Alexander M. Haig Jr. had been shattered by the friction and hostility that existed unchecked between the two men from the outset of the administration.

It was not that it was mostly Mr. Allen's fault. Mr. Haig had managed to involve himself in repeated clashes with Defense Secretary Caspar W. Weinberger and a number of other Cabinet colleagues.

Tensions continued. But tensions between the two men and their staffs continued to flare, fueled by reports that made their way around the State Department and the White House that Mr. Allen was frequently critical of Mr. Haig in private meetings with outsiders, and at cocktail and dinner parties.

The president's top advisers — James A. Baker 3d, the chief of staff; Michael K. Deaver, the deputy chief of staff; and Mr. Meese, Mr. Allen's staff supervisor — seemed to spend increasing amounts of time trying to resolve the quarrels before they reached Mr. Reagan. But there were some things they could not keep from him.

Such as the problem with the morning intelligence briefings. Presidents have traditionally received their daily briefings on international intelligence developments from the national security adviser. But Mr. Haig — apparently chafing at what he feared was a daily opportunity for Mr. Allen to snipe at him — insisted on being present at the briefings, or at least on having another State Department official there.

So Mr. Haig or Deputy Secretary of State William P. Clark began attending the briefings. This proved unsettling to Mr. Weinberger, who let it be known that Defense wanted to be there, too.

Mr. Reagan's ultimate response was to cancel the briefings, saying he would simply read the data from written reports. Some White House officials said privately at the time that the president thought his morning sessions with Mr. Allen had mainly been a waste of time. But one senior presidential adviser offered another view: "The briefings had become unwieldy. It was like having to have a miniature National Security Council meeting each morning."

By this time, as Mr. Meese was later to concede, the coordination of the president's national security policy-making had degenerated into confusion. Mr. Haig was communicating with the White House by talking variously with Mr. Meese, Mr. Baker, Mr. Deaver and the president.

Informal Channel

Often, key guidance and impressions were being passed through what proved to be a crucial, informal channel: between Mr. Deaver and Mr. Clark, who had been placed at State mainly because he was an old Reagan ally who could serve as a conduit between Mr. Haig and the Reagan men whom the secretary barely knew.

Again, this confusion of communication was not of Mr. Allen's doing. Mr. Haig

often seemed to see things in terms of combat rather than collegiality. But the problem just made things worse for Mr. Allen.

Within the White House and the State and Defense departments, there were complaints that Mr. Allen's staff was doing a poor job of coordinating policy. And within that staff some complained that Mr. Allen was not providing proper leadership and direction.

Both Mr. Deaver and Mr. Baker believed it was essential to elevate the job of the national security adviser, which had been subordinated to Mr. Meese. The president was said by one knowledgeable official to have come to the same view.

Mr. Meese had been resisting suggestions that the job be taken out from under his supervision; he had been Mr. Allen's staunchest defender among the White House triumvirate. But while the president was spending his holiday week in Palm Springs, Calif., Mr. Meese telephoned Mr. Reagan to say that he had concluded that the job should be upgraded and that Mr. Allen should be replaced with Mr. Clark.

At his home in suburban Virginia, Mr. Allen read the newspaper accounts and insisted that he did not want to resign. But he conceded at one point, in those final days, that he felt as though he were hanging onto the gunwales and someone was pounding on his fingers.

U.S. Promises Israelis To Veto UN Sanctions

By John M. Goshko
Washington Post Service

WASHINGTON — The United States has promised Israel that Washington would veto any effort in the UN Security Council to impose sanctions against the Jewish state for its annexation last month of the Golan Heights.

Diplomatic sources said that that assurance was conveyed Monday by Secretary of State Alexander M. Haig Jr. to Israeli Ambassador Ephraim Evron at a meeting in which Mr. Evron asked what the United States would do if Syria and its Arab allies press for sanctions when the Security Council considers the Golan question.

[The UN Security Council decided Tuesday to resume debate Wednesday on Israel's annexation of the Golan Heights. Reuters reported from New York.]

Council sources said the Arab group was circulating a toughly worded text condemning Israel for the annexation. It calls for the suspension of arms, trade and diplomatic relations with Israel under the UN charter's sanctions provisions, Reuters reported.

After his meeting with Mr. Haig, Mr. Evron said only that he was "not worried" about the U.S. position. However, Mr. Haig is understood to have told him that while



People flee tear-gas grenades in Gdansk in a photograph taken by a shipyard worker on Dec. 16, the 11th anniversary of riots in that city. Troops dispersed demonstrators after they had overturned a police car and set it on fire near the Lenin shipyard. The photograph reached the West this week.

Source Says Church Blocked Plan For Walesa Plea Against Resistance

The following dispatch is based on information reaching The New York Times from Poland. Normal communications with The Times Warsaw bureau chief, John Darton, have been barred by the authorities there since Dec. 14.

In a reconstruction of events from Dec. 13, when martial law was imposed, to the end of the year, a well-informed Communist Party source said on Jan. 1 that Lech Walesa had been persuaded to make an appeal to Solidarity members on the day of the crackdown to give up open resistance, but that the move was blocked by the Roman Catholic Church.

The church intervened and urged the government not to proceed for such an appeal on the ground that this would undercut Mr. Walesa's credibility as a leader. It made it difficult for him to play a "useful" role in the future, the party source said.

The source, who holds an important staff position in the Central Committee, said that he had no firsthand knowledge of events

surrounding Mr. Walesa's house arrest, but that he had spoken to some of the principals involved, including the minister for trade union affairs, Stanislaw Ciosek.

Mr. Ciosek is the man who met with Mr. Walesa on Dec. 13, hours after the union leader was taken from his home in Gdansk and flown to a private villa outside Warsaw following the declaration of martial law.

"Ciosek said Walesa behaved like a man under shock," the source said. "Walesa feared that there would be bloodshed. By Sunday evening, he was ready to give a statement — that all was lost, but that people should not resist. But it gave less than full support to the government."

"The church intervened, urging the government not to get Walesa to publish the statement on the ground that this would finish him off. He would no longer be useful in the future. Either people would consider him a traitor or they



Lech Walesa

Polish Radio Reports Discussions With Solidarity Union 'Activists'

VIENNA — Solidarity activists are holding talks with the Polish government on social issues and the future of the independent trade union movement, Warsaw radio reported Tuesday night.

The report, monitored by the British Broadcasting Corp., did not name the Solidarity representatives. It quoted the Polish news agency, PAP, which it said "has learned that talks with activists of Solidarity, industrial trade unions, autonomous trade unions and other union associations are under way at the office of the minister in charge of trade union affairs."

The talks pertain to methods of satisfying the social needs of the working people at a time when activities of trade unions have been suspended for the duration of the state of martial law.

"Issues pertaining to the future of the independent and self-managing trade union movement, based on the constitutional principles of Poland's system and the statute provisions of these unions, are also being dealt with during the talks," Warsaw radio said.

The discussions were the first known contacts with the now-suspended union since martial law was imposed on Dec. 13. The radio did not say that the Solidarity "activists" represented the union as a whole. Most of the union's leading figures are under arrest.

Meanwhile, Western diplomats in Bonn said Tuesday that an eight-man directorate headed by Gen. Wojciech Jaruzelski appears to have replaced the Communist Party's Politburo as the effective center of power in Poland.

The inner council is composed of four civilian politicians and three of Gen. Jaruzelski's fellow officers, they said. The general himself is premier, leader of the Communist Party and head of the 20-man Military Council for National Salvation.

Rakowski's Mission

The diplomats said the existence of the directorate was confirmed by one of the civilian members, Deputy Premier Mieczyslaw Rakowski, who visited Bonn last week on the first mission to the West by a Polish leader since the imposition of martial law.

"They are the people who run Poland today," one Western diplomat said. "The Politburo and party

have been pushed into the background."

Mr. Rakowski had a reputation as a reformer, as did another of the directorate's members, Kazimierz Barcikowski, who was the first Politburo member to give the Polish press an extensive interview after the clampdown.

The sources added, however, that the new ruling group also included Politburo member Stefan Olszowski, a prominent hard-liner.

The remaining civilian was named as Deputy Premier Janusz Obodowski. As minister of labor, wages and social affairs early last year, he was a key figure in the dispute with Solidarity over the length of the working week.

Military Council

The diplomats, with access to Western embassy reports from Warsaw, said the directorate seemed to be handling key political and strategic issues, leaving day-to-day responsibilities to the

20-man Military Council for National Salvation, set up when martial law was imposed.

Warsaw radio also announced that the former chief of Polish broadcasting went on trial in Warsaw Tuesday on corruption and other charges. The charges against Maciej Szczepanski involve sums totaling 217 million zlotys (about \$7 million at the former official exchange rate), the radio said.

Mr. Szczepanski, previously a close associate of deposed Communist Party chief Edward Giersek, is accused of misappropriating state property, accepting bribes from foreign suppliers and causing financial losses through nonfulfillment of duties and exceeding his authority, the radio said.

The radio Tuesday also carried the first news monitored in Vienna to mention prize-winning film director Andrzej Wajda. He had been mentioned in some Western

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Polish Military Rulers Still Seeking a Policy

By Brian Mooney
Reuters

WARSAW — Three weeks after taking power and proclaiming martial law, Poland's military rulers are still searching for a policy and contending with opposition.

The country is outwardly calm, but appearances may be deceptive and none of the problems the military sought to solve has yet been seriously tackled.

The political infighting and instability that in part prompted the military takeover remain as fierce as before, the economy shows no signs of improving and the dilemma over what to do with Solidarity grows daily more acute.

Well-informed party sources said the takeover had exacerbated divisions between so-called liberals and hard-liners in the Communist Party who both appear to have

been taken under the wings of the generals.

"As before there is an intense power struggle at the top," a party source said.

The way forward remains far from clear, he said. "I don't think the generals begin to know what do next," he added.

In the days immediately following the takeover, hard-liners appeared to be in the ascendant, but the picture modified later as a number of prominent Communists associated with the reforms of the Solidarity period began to re-emerge.

At least two reform-minded Communists appear to be playing an important role under the military — Deputy Premier Mieczyslaw Rakowski and Kazimierz Barcikowski, a Politburo member.

Mr. Rakowski was the first member of the government to travel to the West on official business after the takeover, and Mr. Barcikowski was the first Politburo member to give an extensive interview.

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INSIDE

Heart Trouble

A Norwegian study has shown more persuasively than any previous experiment that eating less fat and cholesterol can cut chances of suffering a heart attack or of dying suddenly from heart disease. The study also showed a smaller benefit from stopping smoking or reducing the number of cigarettes smoked. Page 5.

Electronic Mail

After years of delay and despite postal opposition, the U.S. Postal Service begins its electronic mail service for commercial users. Page 7.

Jaruzelski Reportedly Says He May Exile Union Chiefs

BRUSSELS — Gen. Wojciech Jaruzelski, the head of Poland's military government, told the ambassadors of the 10 European Economic Community nations that he was considering exiling to the West the principal leaders of Solidarity, now in jail.

The general also said he would release other prisoners only on the condition they sign a pledge to abstain from all further public activity.

Reuters quoted informed sources as saying that Gen. Jaruzelski told the ambassadors he might allow interned trade unionists who want to emigrate to travel to the West but did not say he was sending them into exile.

Gen. Jaruzelski's message was delivered to the ambassadors Monday to coincide with a special meeting in Brussels of the EEC Council of Ministers to consider the Polish situation.

It was plainly intended as a harsh rebuff to Western European hopes of using selective pressure and political action as an inducement to Polish liberalization.

The ambassadors reported to the council, attended by the Communist Party's foreign ministers, that Gen. Jaruzelski had told them he would accept political counsel only from other members of the Socialist bloc. He told them he had no intention of submitting to the kind of pressure he said the United States was attempting to organize against him.

The ambassadors' message, which was disclosed privately and in summary form by council officials, was not made public.

Party Source Says Church Blocked Appeal by Walesa

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would believe that he had been tortured to give the statement.

On the following day, Mr. Walesa was visited by Bishop Bronislaw Dabrowski, the top-ranking emissary of the Polish primate, Archbishop Jozef Glemp. Mr. Walesa's resistance against cooperating with the authorities apparently hardened.

Now that the government says it has achieved the first objective of martial law — containing strikes and other forms of open opposition — Mr. Walesa will most likely come under considerable pressure to make some sort of gesture, or conceivably even participate, in a move of national reconciliation.

His whereabouts and state of mind are not known. Reliable church sources have said that he is being held somewhere in a heavily guarded complex of buildings housing the headquarters of the Interior Ministry on Rakowiecka Street in central Warsaw.

Polish authorities intend to move Mr. Walesa to a secluded monastery where he is to be held incommunicado under the protection of the Roman Catholic Church, a private British research center reported Tuesday, according to an Associated Press report from London.

[The authorities agreed to the move on condition that he is allowed no communication with the outside world, Keston College reported.]

[Keston College, an educational charity in Kent founded in 1969 for the study of religion in Communist countries, said its source in Poland for the report was reliable and "must be kept confidential." The college's reports have proved authoritative in the past, the AP reported.]

Government officials say publicly that Mr. Walesa is well treated. Privately, some have attempted to spread the story that he is suffering from a "breakdown" of sorts, but this is contradicted by church officials and is widely seen as a disinformation campaign intended to demoralize Solidarity activists.

After a two-day hunger strike that ended on Christmas Day, Mr. Walesa apparently agreed to resume talks with government officials. Knowledgeable church sources say that he has laid down three conditions for such negotiations: that they be held on "neutral" ground, that the entire Solidarity presidium be present, and that he be permitted to have three advisers with him. It is not known what the government's response is.

'Difficult Situation'

On other matters, the Central Committee source acknowledged that the Communist Party was "in a difficult situation," with many party members handing in their cards.

"They are mostly but not exclusively intellectuals," he said. "We are undergoing an intensive reassessment. Obviously, people have divergent opinions about what went wrong. Some say that if the party had moved earlier the country would have been spared anguish. Others feel the party should have moved more decisively in the direction of reform."

The source, who considers himself a liberal, said, "Six months earlier, I myself would have turned in my card. It was by no means obvious then that Solidarity was opting for a confrontation. Only the hard-liners expected it. They maintained that we were fooling ourselves. The pity of it is that on this point they were proved right. They kept saying you are facing people who don't want to reform Socialism — they hate Socialism."

Western diplomats see it differently. They believe, despite some rash statements by a handful of union leaders, that the activities of Solidarity were still within the bounds of a search for greater democracy under Communism. According to this view, the brutal

Shetlands Discover Oil Boom Is Slippery Going

By Steven Rattner
New York Times Service

LERWICK, Shetland Islands — Mattie Jamieson, an elderly resident of picturesque Scalloway, has just received \$185 to help with winter heating bills. Kenneth Pottinger, owner of the Ardent, a new fishing boat, was awarded a \$835,000 loan. And Arthur Williamson's family fish-processing company received \$22,000 to help promote new products.

All three, as well as many other residents of the most northerly outpost in the British Isles, owe the largesse to a geographical accident — they live nearer than anyone else to the bulk of the North Sea oil reserves.

Like other oil centers from Houston to Aberdeen, Shetland has experienced the mixed blessing of oil company spending. Unlike other oil centers, the Shetland government has extracted millions of dollars in direct payments from the companies. With the capital invested by N.M. Rothschild, the London merchant banker, the income is now being used to help people like Mrs. Jamieson.

Despite Windfall, Islanders Complain About Changes

"The council did well in negotiating the deal," said Ernest A. Ughart, chief executive of the island council and a former oil company executive. "We were held up as the Arabs of the United Kingdom and all that."

'Disturbance' Payments

In addition to winning "disturbance" payments from the oil companies, expected to total \$100 million over the next two decades, the council built and operates, for a fee, new harbor installations. It also retained ownership of land under oil installations, which provides both income and leverage in negotiations with the companies.

Despite such successes, unhappiness over the bargain has been growing, and the Shetland Islands Council is now preparing to reopen negotiations. A sweeter financial deal, however, would not restore tranquility to this land of breathtaking cliffs and bays, where 250,000 sheep graze on vegetation that rests just a foot or two above a

shield of nonporous rock. In winter, when daylight lasts less than six hours, the rain seems continuous.

Because of oil, the population on the more than 100 treeless islands has grown to 23,000 from 17,000 a few years ago. The archipelago, 600 miles (960 kilometers) north of London, went from having the highest proportion of residents over 50 in Britain to having the highest percentage under 30.

Social strains have resulted, including crime, previously unknown, as well as increases in alcoholism and driving accidents. In many parts of the island, two separate communities exist.

"Shetland was a very friendly place, and now everybody treats you with caution," said Robert Duthie, an unshaven, gray-haired worker at a fish factory in Scalloway, the second largest town in the islands.

Mr. Duthie said the oil companies had "employed a lot of people

in Shetland, but there's going to be a crash."

The impact is particularly noticeable in villages like Brae and Firth at the northern end of the main island, near the huge \$2.2-billion oil terminal at Sullom Voe. At Toft, for example, housing developments and prefabricated construction camps cut into the green hillsides, hiding the old village.

"Shetland society is very traditional," said Richard P. Myers, the local development officer, who originally moved here to conduct a sociological study. "The way people regard each other is through family relations."

All over the islands, construction equipment is busily widening and straightening the old roads. Schools, hospitals, community centers and houses are being built. The prosperity has also reached consumers; the six electronics stores in this tiny village are doing a booming business.

For its part, the council has tried to make Shetland a welfare state.

Specially adapted Volvo cars are given to the disabled. The poor receive paid visits in relatives hospitalized in Aberdeen. Electricity has been extended to crofts, as the small Scottish farms are known.

The changes have not brought a complete transformation. Instead, they have made these islands a study in contrasts. In the shadow of the sprawling Sullom Voe terminal, men with long-bladed spades called rustlers carve from the hills the small bricks of peat that still heat most homes.

Employment Prospects

Shetland has witnessed a rise and fall in employment prospects. When construction began at Sullom Voe, thousands of local workers were attracted to the project, thanks to pay scales far above island standards. Women who knitted sweaters at home on a piece-work basis suddenly found themselves earning \$275 a week as maids or food preparers.

That in turn led substantial numbers of traditional textile and fish-processing plants to close down or seek workers elsewhere.



At the same time, the cost of living skyrocketed.

With construction at Sullom Voe just about over, the same local workers are spilling back into the job market. In addition, Shetland has been only modestly successful in attracting industry to service offshore platforms.

As a result, unemployment has risen to about 5 percent, still low by British standards but nevertheless worrisome in local officials. For the future, hopes rest on an improved deal from the oil companies and a long, large flow of North Sea crude oil.



President Reagan, left, and Chancellor Helmut Schmidt meeting Tuesday at the White House.

Reagan Urges Allied Stand in Schmidt Talks

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the East, a move that could have a ripple effect in Western European financial circles.

Finally, though White House officials said so one in the administration is talking about removing U.S. troops from Europe, they said there is a danger that Congress, if it believes that the Europeans will not challenge Moscow under any circumstances, could begin action to bring home the troops.

Greek Minister Fired

ATHENS (Reuters) — The Socialist government of Greece retracted its assent to the EEC declaration.

ration on Poland on Tuesday and fired Assimakis Fotilas, undersecretary for foreign affairs, who signed the statement. A government spokesman said Greece did not consider itself bound by the communiqué issued after the Brussels meeting.

EEC Plan Reported

BRUSSELS (AP) — The EEC is studying a plan to restrict imports from the Soviet Union to protect Soviet involvement in the Polish military crackdown, a U.S. congressman said Tuesday.

Rep. Thomas P. Lantos, Demo-

Tass Rebukes EEC

MOSCOW (WP) — The Soviet Union rebuked European Economic Community countries for their declaration on Poland in reports Tuesday that reflected guarded Soviet satisfaction with the outcome of the EEC foreign ministers' meeting Monday in Brussels.

An initial report by Tass stressed the rejection by the 10 EEC nations of U.S. "pressure" for economic sanctions against Moscow. Tass criticized the EEC, however, for agreeing not to undercut Mr. Reagan's sanctions. The delayed reaction was interpreted by political analysts in Moscow as designed not to irritate Western European governments.

Polish Radio Reports Talks

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reports as possibly being among the leading intellectuals interned under the military rule.

A production of Shakespeare's "Hamlet," directed by Mr. Wajda, will be staged in the southern city of Krakow, where all theaters will reopen Wednesday after being closed under martial law, the radio said.

Although the report did not say whether Mr. Wajda would be present to direct the performance, the prominent mention of his name indicated that he had not completely

fallen from official favor, diplomats in Vienna said.

Mr. Wajda won international praise in recent years with two films, "Man of Marble" and "Man of Iron."

BBC Reports Soviet Jamming

LONDON (AP) — The Soviet Union on Tuesday jammed all the British Broadcasting Corp.'s transmissions to Poland, stepping up interference that began Dec. 30, the station reported.

The BBC said that for the first time all its Polish-language transmissions were being jammed.

Irish Nuns Deported

Pursuing a campaign against the once-powerful Roman Catholic Church, the prime minister closed chorist-run hospitals, the one place where private doctors could still practice. Irish nuns who had worked in Malta for decades were

deported, adding new names to a long blacklist at the airport.

On Oct. 15, 1979, thugs broke into Mr. Fenech Azzop's house, beat up his wife and ransacked the place; their children and the nationalist leader's mother escaped by the roof.

The same day, others broke into and wrecked the offices of The Times of Malta, the island's leading newspaper and a critic of Mr. Mintoff; employees fled through the windows. The Times offices are situated only a few hundred feet from the prime minister's office.

Relations With Qadhafi

The hallmark of Mr. Mintoff's foreign policy, since he evicted the last British troops in 1979, has been a search for international guarantees and money to underwrite what he calls the neutral status of Malta, which is strategically situated between Sicily and Libya.

In the 1970s he developed close relations with Col. Moammar Qadhafi, the Libyan leader, who had a strong interest in seeing the

Mintoff's Narrow Election Victory Leaves Bitter Aftertaste in Malta

By James M. Markham
New York Times Service

VALETTA, Malta — The businessman was visibly agitated. He said he had received death threats and had been legally harassed for his support of the opposition Nationalist Party, which finished a close second in the parliamentary elections Dec. 12.

Because Prime Minister Dom Mintoff, the leader of the governing Labor Party, won a third five-year term, the businessman and some other Maltese resolved to emigrate. Interviewed three days after the election, he said he and his wife could not allow their children to "grow up in this atmosphere."

The victory of Mr. Mintoff's party had one telltale flaw. While Labor took 34 seats to the Nationalists' 31, the winning party had only 109,590 votes and the losers had 114,127. Pre-election gerrymandering, which cobbled together villages that had nothing in common geographically, dispersed the Nationalist vote and gave Labor the edge in seats. An old people's home, firmly controlled by Labor, provided the margin in one key district.

The election has increased bitterness in Malta, where 310,000 people are crowded into two small islands and fiercely divided by party loyalties.

Results Denounced

Edward Fenech Azzop, the 47-year-old lawyer who led the rejuvenated Nationalists, denounced the results, saying the popular vote showed that Mr. Mintoff did not have the support of a majority of Maltese. But Mr. Mintoff, receiving a group of foreign journalists, said it would be a "mockery" of the parliamentary system to go by the popular vote.

The prime minister, a short, stocky 65-year-old, characterized the questions of two American correspondents and one Briton as "hostile," and they were finally escorted out of his office, leaving a group of Italian colleagues behind.

"When we banned The Times of London, I believe we were doing a service to the majority of Maltese," said Paul Mifsud, the official who removed the three journalists. Mr. Mifsud, a highly suspicious of the British press, which has suggested that he is undermining the Westminster-style government Britain implanted before granting Malta independence in 1964.

The main instruments of Mr. Mintoff's rule have been patronage, fear and the benefits of an ambitious welfare state that has come to be known as Labor. Jobs are distributed on the basis of loyalty to the Labor Party. When judges disagree with Mr. Mintoff, as they have on occasion, he has removed them.

South Korea Ends Nightly Curfew

SEOUL — Authorities lifted the nightly curfew in most areas of South Korea at midnight Tuesday but said that it will remain in force in several coastal areas and along the border with North Korea.

The midnight-to-4 a.m. curfew, imposed at the end of World War II, ended after a Cabinet meeting on order of President Chun Doo Hwan. A National Assembly resolution for lifting the curfew was adopted unanimously Dec. 10 and Mr. Chun issued a formal order to end the restrictions.

Curfew hours were imposed on Seoul and the port of Incheon on Sept. 8, 1945, by U.S. occupation forces. The restrictions were extended to the rest of the country at the beginning of the Korean War. In 1955, the curfew was shortened to midnight to 4 a.m.

South Africa Reports Killing Cuban

PRETORIA — South African security forces have killed a Cuban and captured another on the border between South-West Africa (Namibia) and Angola, a government spokesman said Tuesday.

He said that the incident occurred during a clash "in the operational area" along the border of the South African-administered territory. He would not say on which side of the border the fighting occurred, nor when it took place.

Brig. Gen. Jan Klopper, acting commander of the South-West Africa territory force, said that Cuban soldiers had interfered with South African troops engaged in follow-up operations against Namibian nationalist insurgents. "In the ensuing firefight, one Cuban was shot dead and another captured by the security forces," he said.

U.K. Miners Warned Against Strike

SWANSEA, Wales — Britain's 250,000 coal miners were warned Tuesday that many of them would lose their jobs if they struck during deadlocked pay negotiations.

Sir Derek Ezra, chairman of the National Coal Board, said a strike would cause a disastrous loss of jobs, especially in South Wales, already hard hit by cutbacks in the nationalized coal industry. He said the industry was doing well, with output and earnings rising and exports increasing. But if there were a strike "we would run the risk of having to make further cuts in our investment program, damaging future job prospects."

The leadership of the miners' union urged members on Monday to authorize strike action when they vote in secret ballots on Jan. 14 and 15.

3 Drown, Scores Evacuated in York

YORK, England — Troops and police helped emergency teams shore up the banks of the River Ouse on Tuesday amid widespread flooding around York. Police said at least three persons drowned Monday in the floods caused by heavy rain and melting snow.

More than 30 streets in York were under water after the level of the Ouse rose 16 feet (about five meters) to its highest mark since 1947. Scores of families were evacuated in boats while others took refuge in the upper floors of their homes. A Yorkshire Water Authority spokesman said Cawood, a village near York, was "at severe risk" if the emergency dikes gave way.

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Boston Mayor Weighs Selling City Hospital To Raise New Revenue

By Fox Butterfield

New York Times Service

BOSTON — Mayor Kevin H. White says that he may consider selling the municipally owned Boston City Hospital and a large convention center to raise new revenue for this fiscally pinched city.

Mr. White's proposals, made Monday in his 15th annual state of the city address, underscored the seriousness of Boston's financial problems.

The city has been suffering from a revenue squeeze caused by a 1980 state referendum that drastically reduced what Massachusetts communities can charge for property taxes. Over the last year, Mr. White has laid off 3,000 municipal employees, including 400 police officers and 425 firefighters, and the city's school system ran out of money last spring before the end of the term.

In his speech, Mr. White said he would also submit a new proposal to the state legislature to raise the \$75 million the city needs to pay court-ordered tax rebates.

Governor's Plan Denounced

After prolonged acrimony, the legislature last month passed a similar plan. But Gov. Edward J. King has refused to sign the bill and last Saturday introduced his own version.

Mr. White has denounced the governor's plan as unacceptable because it contains no new sources for the city to raise revenue and would impose a state commission

to oversee the spending of the funds.

Paradoxically, Boston's financial crisis comes at a time when the city is undergoing a major boom in the construction of new office buildings and hotels and is economically healthier than in generations.

Referring to this contrast in his address, Mr. White said, "This starvation in the midst of plenty is more than fiscal lunacy, it is a diagnosis of political paralysis."

But Raymond L. Flynn, a member of the Boston City Council, charged that the mayor's proposal to sell Boston City Hospital "is the most misguided, outrageous, unacceptable idea I've ever heard of."

'Disregard for the Poor'

Mr. Flynn, a leading contender in the current race for presidency of the City Council, pointed out that the 436-bed hospital provides the only low-income medical care for many of Boston's residents. "Selling it at a time when the federal government is cutting back on medical care would show a total disregard for the poor," Mr. Flynn said. But he added that Mr. White's plan to sell the Hynes Auditorium, Boston's only large convention center, might be workable.

Mr. White also proposed that Boston look into the feasibility of selling its parking garages, charging for services like garbage collection and contracting out such services as repair of street lights.

"This city is in trouble. It is short of money, dangerously short

N.Y. Students, Denied Lunch, Get Leftovers

The Associated Press

NEW YORK — About 50 children in a Brooklyn elementary school returned from winter vacation to find they were no longer eligible for the free hot-lunch program, so some of them were fed leftovers from other students' trays.

Most of the affected students were denied the lunch because they failed on Monday to return a new federal form that is required so officials can determine whether the students warrant the free service. The new regulations lowered the amount of money that families can earn and still be eligible for the free or reduced-rate lunches.

Many of the students' parents refused to fill out the forms, which require for the first time that Social Security numbers be submitted, according to school officials quoted by The New York Times. Charles Buchanan, an assistant principal at the school, said he decided to feed the students leftovers when he noticed them sitting in the lunchroom without any food.

of services and desperately short of options," the mayor said.

With his new proposals, Mr. White appears to be trying to place Boston in a position to go it alone for another year even if the legislature and Gov. King do not come up with an acceptable \$75-million relief bill. The mayor might then use his considerable political muscle to support an opposition candidate to Gov. King, a fellow Democrat, in next fall's election.

U.S. Judge Overrules Creation-Science Law

United Press International

LITTLE ROCK, Ark. — A federal judge struck down Arkansas' creation-science law Tuesday, saying it was a deliberate effort to require religious teaching in the state's public schools.

"No group, no matter how large or small, may use the organs of government of which the public schools are the most conspicuous and influential to force its religious beliefs on others," Judge William R. Overton said in his 38-page opinion in U.S. District Court.

State Attorney General Steve Clark, who defended the law in a trial that ended Dec. 17, had said earlier that he would appeal if the state lost.

Act 590, which became law last March, required "balanced treatment" for creation-science whenever evolution was taught in Arkansas public schools.

'Literal Interpretation'

"The evidence is overwhelming that both the purpose and effect of Act 590 is the advancement of religion in the public schools," Judge Overton said. He called the law an extension of the fundamentalists' view that one must either accept the literal interpretation of Genesis or else believe in the godless system of evolution.

Furthermore, he said, creation-science as defined in the law is "simply not science."

The law defined creation-science as the theory that the Earth was created suddenly and "relatively recently," that various kinds of plants and animals developed only within fixed limits, that life could not have developed through mutation and natural selection from a single organism, that humans and apes do not share a common ancestor, and that the Earth developed through a series of catastrophes, including a worldwide flood.

Witnesses for the American Civil Liberties Union, including well-known scientists and theologians, testified that no scientific evidence exists for creation-science. They said the concept is taken directly from the Genesis account of creation, and noted that Arkansas' law even uses some of the same words as the King James Version of the Bible.

Doubt on Evolution

The state's witnesses used charts and slides to present scientific research that said supports creation-science or at least casts doubt on evolution. But most of them said their belief in creation-science was rooted in their belief that the Bible is literally true.

In his ruling, Judge Overton said that teaching creation-science would "have serious and untoward

consequences for students, particularly those planning to attend college." He called evolution the "cornerstone of modern biology" and noted that it is involved in many academic subjects.

He also noted that some teachers had said they would simply avoid teaching evolution rather than be forced to teach creation-science, something that "would undoubtedly have impact on the quality of education in the state's colleges and universities." But he said the church-state issue overwhelmed all others.

Quoting former Supreme Court Justice Felix Frankfurter, Judge Overton concluded, "We renew our conviction that 'We have staked the very existence of our country on the faith that complete separation between the state and religion is best for the state and best for religion.'"

Arkansas creationists had expected to lose the case, and had criticized Mr. Clark's handling of the defense. The creation-science backers are preparing for a similar court battle in Louisiana, which has a virtually identical law, and say they expect two leading creationist lawyers to head the defense in that case.

McDonnell Douglas, DC-10 Users To Discuss Jet's Design Problem

By Winston Williams

New York Times Service

CHICAGO — The McDonnell Douglas Corp., maker of the DC-10 wide-body jetliner, will hold a special meeting Jan. 14 for all of the plane's 45 operators to discuss possible design changes to correct a problem in the aircraft's lift system.

The meeting will discuss the findings of an investigation by the National Transportation Safety Board and McDonnell Douglas into the aborted takeoff Sept. 22 of an Air Florida DC-10 in Miami, the company said Monday.

The investigation, the latest in a series of setbacks for the DC-10 jumbo jet, comes at a time when the company says it is considering shutting down production of the money-losing plane because of a dearth of orders.

Commercial aircraft orders and backlogs have been declining, along with airline profits, but the DC-10 has been faring worse than the rest of the market. Sales of the plane never recovered from the May 25, 1979, crash at O'Hare International Airport in Chicago that killed 273 persons, the worst sin-



SNOW HIGH — A boy in Cedarburg, Wis., stood on a snowdrift as he waited for a traffic light to change before heading to a nearby hill for sledding. More than a foot of snow fell in the area, closing schools and many businesses.

Reagan Seeks New Cuts in Health Plans

Medicare, Medicaid Would Be Reduced

Washington Post Service

WASHINGTON — President Reagan has approved new cuts in Medicare and Medicaid — and proposed a new tax on federal employees — that would reduce the likely budget deficit by about \$5 billion next year while requiring patients to pay a larger share of hospital and doctor bills, sources said.

Under the new tax U.S. government employees would pay that portion of the Social Security tax that finances Medicare.

The health proposals, which together will be a big chunk of the new budget cuts that the president will propose to Congress next month, would radically alter U.S. health care policy, shifting costs not only to elderly and needy patients, but to hospitals, private employers and the states. The proposals are likely to meet sharp opposition on Capitol Hill.

Reagan aides, however, said the deficit next year could exceed \$150 billion if no further steps are taken to cut spending. Health care programs, led by Medicare for the elderly and Medicaid for the poor, now make up one-tenth of the budget.

The new cuts would be in addition to \$2.5 billion already made in fiscal 1982 through program changes approved last summer.

Some of the proposals approved by the president include:

- Federal employees would pay a 1.3-percent tax on the first \$32,400 in pay to become eligible for Medicare.
- A 2-percent across-the-board reduction in U.S. reimbursements to hospitals for the care of Medicare patients.
- Making employers continue private health-insurance coverage for those who keep working after 65, so that Medicare would not have to pay their bills.
- Allowing the states to charge low-income Medicaid patients for part of the costs of their basic services.

Klanswoman Sentenced

United Press International

NASHVILLE, Tenn. — A 51-year-old Ku Klux Klanswoman and a 32-year-old man have been sentenced to prison for plotting to blow up a synagogue. Gladys Gergent, 51, got 15 years and Bobby Joe Norton, 32, was given five. They were convicted Nov. 21 on charges of conspiracy and transporting explosives.

Vatican Picture of Attack on Pope Said to Show Associate of Gunman

By Henry Tanner

New York Times Service

ROME — A man standing next to Mehmet Ali Agca when he shot Pope John Paul II on May 13 has been identified by Turkish investigators as Omer Ay, a Turk who is known to have been an associate of Mr. Agca's for many years.

The Turkish government is reported to have told Italian magis-

trates of the connection. Italy is continuing to investigate the attempt on the pope's life in the hope of uncovering a conspiracy that they believe was behind the attack.

The top half of the face of a man whom the Turks identified as Mr. Ay appeared in a picture taken by a Vatican photographer as the shooting occurred in St. Peter's Square. The picture was printed two months ago in several European newspapers.

The man was first identified as Mr. Ay several months later by the Istanbul newspaper Milliyet, whose editor was assassinated in February, 1979. Mr. Agca was convicted of that killing and sentenced to death by a Turkish court, but he escaped from prison five months later. Mr. Agca is now serving a life sentence for attempting to murder the pope.

Italian authorities have not confirmed the identification, but it is known that investigating magistrates have shown the picture to witnesses. The assailant has maintained that he was alone.

Turkish authorities have long regarded Mr. Ay as a possible accomplice. They say they believe Mr. Ay helped Mr. Agca after Mr. Agca escaped from prison. Mr. Ay's whereabouts are unknown.

Another picture was taken from behind of a man running from the square after the shooting. Lowell Newton, editorial director of a Detroit television station, has said that before taking the photograph he saw the man running toward him with a gun. He did not take the photograph earlier for fear that the man would shoot him. Mr. Newton was brought back to Rome last month by the Italian magistrates in charge of the investigation.

As far as is known, the identity of the man whom Mr. Newton photographed has not been established. Turkish investigators are understood to have ruled out the possibility that he was Mr. Ay.

West Germany Decides Not to Ban Hitler Book

United Press International

BONN — West Germany's top justice official has announced a plan to ban Hitler's "Mein Kampf," saying it is read by too few people to pose a threat to society.

Jürgen Schmude, explaining his decision Monday not to halt sales of the book in which Hitler outlined his theories on a German master race, wrote in the magazine Law and Politics: "A broad market, despite lack of a ban, does not exist." Mr. Schmude said that, even in the Nazi era, only a limited number of people read the book.

"A danger for young people through reading it is today all the more improbable because its style and contents are not relevant to present reality," Mr. Schmude wrote.

Early last year, Mr. Schmude announced that he planned to plug a loophole in West Germany's anti-Nazi legislation allowing publication of Nazi works predating establishment of the West German state. He later changed his mind.

Though Mr. Schmude said he believes Hitler's book poses no danger, he warned that the neo-Nazi movement is becoming more active and dangerous.

U.S. Researchers Develop System Of Duplicating Chromosome in Lab

By Cristine Russell

Washington Post Service

WASHINGTON — A team headed by Nobel laureate Arthur Kornberg has developed a laboratory system that could prove crucial in understanding the reproduction of living cells and ultimately the relationship of the process to diseases such as cancer in which the cells undergo rapid and uncontrolled growth.

The new test-tube system devised by scientists at the Stanford University School of Medicine offers a tool for studying the mechanism that signals a cell to make exact copies of its genetic material. Dr. Kornberg, a biochemist, considers it a milestone in genetic research.

The new test-tube technique succeeds for the first time in combining in effect, to turn on the switch that begins the duplication of the chromosome of a common bacterium. This chromosome, which is composed of genes of DNA or deoxyribonucleic acid, controls all of the organism's cellular activities.

Rate of Growth

While the Stanford researchers have succeeded in getting duplication of chromosomes started in the laboratory, they still have to identify the specific biochemical parts — such as proteins and similar molecules — responsible for turning it on.

Although the system is relatively simple, it may serve as a model for the more complicated genetic processes in higher animals and man.

The work is significant because the mechanism that starts duplication of DNA, the essential genetic matter common to all living things, affects the overall rate of cell division and growth.

The scientist emphasized that he was "not promising anything in terms of payoff" in the near future but simply proceeding on the long-term genetic research that began when the structure of DNA was discovered.

Dr. Kornberg has been a pioneer in this effort. The latest research, funded by federal and private grants, is the culmination of four years of work by scientists in his laboratory, including Robert S. Fuller and Jon M. Kagami.

It builds upon his own 25 years of genetic research.

Common Bacteria

In 1959, Dr. Kornberg received the Nobel Prize for creating synthetic DNA in the laboratory for the first time. In 1967, he announced the first successful test-tube creation of DNA that he showed to be biologically active, or functioning as it does in nature.

The new research, published in the latest issue of the Proceedings of the National Academy of Sciences and released Tuesday, is another achievement long sought by researchers.

They used genetically engineered rings of DNA, or plasmids, found in the common *Escherichia coli* bacteria.

The plasmids contained a genetic segment inserted from the main bacterial chromosome called the "origin," which is known to be as-

sociated with the initiation of DNA replication, or duplication.

Genetic engineering allowed the researchers to grow large quantities of this special region and isolate it more readily for further study. The plasmid is easier to work with because it is only one-thousandth the size of the bacterial chromosome.

'Crucial Advantage'

The bacteria, in turn, have a "crucial advantage," said Dr. Kornberg, over working with the far larger chromosomes found in humans, which each may be 1,000 times larger.

After breaking open the manipulated bacterial cells and collecting the contents, he and his colleagues found that DNA duplication could be initiated in the test tube by adding an amount of a salt that separated out certain chemicals necessary for getting it started.

Evidence confirmed that this was taking place, said Dr. Kornberg, including electron microscope photographs showing that the test-tube duplication of DNA proceeded in two directions at once from the point of origin, just as it does in bacteria found in nature.

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The Worst Was Avoided

It could have been worse. That is the consensus of official United States opinion and that of relative hard-liners among the Europeans about the Common Market declaration on the situation in Poland.

Indeed, it could have been worse. The Europeans did agree not to undercut U.S. sanctions; they did raise the threat of sanctions of their own; they linked the Soviet Union to the Polish troubles, and, perhaps most significantly, they warned that the Polish situation is a danger to détente. That's not bad.

The U.S. sanctions alone, of course, are essentially toothless. Withholding grain is the only pain-inducing lever President Reagan

can pull, and so far he has lacked the political will to pull it. The Europeans have many more options for causing the Soviet Union economic anguish, but not without paying a price that most of them consider exorbitant. The governments of Western Europe are not going to give up the Siberian gas pipeline or the East Bloc trade they need to buoy their beleaguered economies.

Nevertheless, the worst has been avoided. As one U.S. official put it: "The last thing we need is to turn the crisis in Poland—a crisis provoked by the Soviet Union—into a crisis within the Western community."

INTERNATIONAL HERALD TRIBUNE.

The Rich Cruise Past ...

If you are feeling lighthearted about the new year, the chances are that is because, for you at least, the old year wasn't so bad. There are lots of benefits ahead, at least for the people who can afford them.

If you and your accountant used to spend a lot of time keeping you out of the highest tax brackets, both of you will find that chore easier this year. The top tax rate on investment income has now dropped from 70 percent to 50 percent. That is still a long way from the zero rate that a good tax shelter can produce—and there are some new dodges in the tax code that deserve your attention—but it is worth a thought as you plan your investment strategy.

This is also a good time to re-establish relations with that rich aunt. No doubt she is aware that she can now make gifts of up to \$10,000 without paying a gift tax, and she is probably looking around for a suitable beneficiary. Speaking of beneficiaries, we might note—at the risk of some indecency—that the old lady is getting on. She will probably also want to update her will to take account of the fact that the estate tax will more or less wither away over the next few years. That might make her less interested in that tax-exempt foundation she has set up and more interested in you.

There are other good news. Income tax rates will fall by about 10 percent come July. For middle- and upper-income taxpayers that should more than offset the increase in the maximum Social Security tax that just went into effect. If you are a two-earner family you will get an additional tax break and perhaps some more help in paying the baby-sitter. If you are thinking of investing your tax savings, the economic recovery expected in the spring might help the stock market a bit.

But interest rates are likely to stay high, so a money market fund might still be your best bet—particularly for that tax-free retirement account you will want to set up.

Of course everything isn't rosy. More people are now unemployed than at any time since the Depression and many others are likely to become unemployed in the next six months even if the economy starts to improve. If you are one of these unfortunate millions you will find it harder to get by, because long-term unemployment benefits have been cut back, rules for getting food stamps and welfare have been tightened and there are no public service jobs. Community service agencies are also feeling the pinch, and lines for low-income housing are growing.

The millions of people in low-wage jobs are going to find it harder to scrape by. The minimum wage isn't going up in the foreseeable future, and it already buys a good deal less than it did several years ago. Without the pressure from a rise in the minimum, all wages at the lower end of the scale are likely to lag. If you are trying to support a family in one of these low-paying jobs, you may also find that you can no longer get any help from welfare, food stamps or medical programs. Tax breaks will not help you because you probably don't earn enough to have to pay income tax, but Social Security will be taking a slightly larger bite from your paycheck. You may also soon find yourself paying higher sales taxes on the things you buy, as states and localities try to raise money to pay for the new burdens that the federal government has shifted to them.

So it's a mixed picture for the year ahead. We might sum it up by saying that you will be better off rich.

THE WASHINGTON POST.

... as the Tide Goes Out

Ronald Reagan's anti-poverty program has three fronts. One is the social safety net, protecting "those with true need." A second is voluntarism: private charity to offset federal cuts. The third and most important is economic recovery: the rising tide that John Kennedy said would lift all the boats.

As the administration ends its first year, the poor are losing on all three fronts—and so badly that a question begins to reverberate: What is Mr. Reagan warring against, poverty or the poor?

We will continue to fulfill the obligations that spring from our national conscience ... All those with true need can rest assured that the social safety net of programs they depend on are exempt from any cuts.

That was how the president introduced the safety net last February. Its seven programs were only a partial net to begin with, protecting some middle-class benefits while omitting programs that help the very poor.

Even so, there have been sharp cuts even in exempt programs. School lunch and breakfast programs were in the safety net, yet about 300,000 poor children no longer get lunch in school. Summer youth jobs were in the net; funding has been cut 27 percent.

Meanwhile, programs that should have been in the net have also been cut, even savaged. Since the Nixon administration, it has been national policy to eliminate hunger. Food stamps have been a well-targeted way to meet that goal. Yet a million people in need will lose their food stamps altogether and most of the 22 million recipients are to suffer reductions.

With the same energy that Franklin Roosevelt sought government solutions to problems, we will seek private solutions.

Big Government is not the only way, the president told a business audience in October. Exactly right. There is a deep strain of decent, charitable instincts in American society, and Mr. Reagan has appointed a 44-member commission to find new ways to reach private resources. It is a commendable exercise. It is also a fig leaf.

How much can private supplant public services for the poor? Few of them send their children to private schools, use limousines

and taxis or hire guards. They lose most from cuts in federal funds for elementary and secondary schools, or urban mass transit or law enforcement. Governors and mayors understand the cuts; poor people feel them.

In all, Mr. Reagan has so far cut about \$25 billion in social spending. If business giving—\$2.7 billion last year—were to double, it would barely fill 10 percent of the resulting gap. Even the administration acknowledges the point. "I wish the words 'fill the gap' had never been used," says Mr. Reagan's assistant for voluntarism.

Our aim is to increase national wealth so all will have more, not just redistribute what we already have, which is just a sharing of scarcity. When the president said that last February, the inflation rate was nearly 12 percent. Now it is below 10. Much to the good—but at what price? The unemployment rate was 7.5 percent a year ago; it is 8.4 percent now. That means about a million more people are out of work. An ebbing tide lifts no boats.

Mr. Reagan believes that if the administration persists in its program the tide will turn. A more apt maritime image is offered by Herbert Stein, economic adviser to President Nixon: "If the captain of the ship sets out from New York harbor with a plan of sailing north to Miami, 'Steady as you go' will not be a sustainable policy, and that will be clear before the icebergs are sighted."

For poor people, the issue is not an abstract matter of ideology, or whether the administration is right to keep the faith and wait. For them, the questions are simple: What do they do in the meantime? Why, when the administration is so willing to increase windfall oil profits or reduce inheritance taxes, is so much of the burden heaped on their backs? In short, what safety net? What voluntarism? What rising tide?

There is only one way in which Mr. Reagan's poverty program has provided for the poor. It is the way of Reaganian theoreticians, notably George Gilder in "Wealth and Poverty," the book widely circulated in the administration earlier this year. "In order to succeed," he wrote, "the poor need most of all the spur of their poverty."

THE NEW YORK TIMES.



The 'Party of Order' in Poland

By J.W. Anderson

WASHINGTON — "Our country is on the edge of the abyss," Gen. Jaruzelski said as his troops moved into the streets. For any genuine Marxist, that explanation must have awakened familiar echoes. In Marxist terms, it is the vocabulary of the counterrevolution.

"The party of Order" is a term Karl Marx applied in analyzing the failure of the democratic revolution in France in 1848, when the workers of Paris took to the barricades and helped overthrow a king. Four months later those proletarian revolutionaries were put down by government troops in bloody street fighting, and France slid back into authoritarianism, eventually under Louis Napoleon.

Marx's explanation was that the sudden surge of the Parisian working people's grievances and hopes had frightened the rest of France's royalist, peasant, middle classes. "All other classes and parties joined to form the party of Order," Marx derisively wrote. "They saved society from the 'enemies of society.'"

"Achievements of many generations, raised from the ashes, are collapsing into ruin," Jaruzelski now exclaimed. "The self-preser-

vation instinct of the nation must be taken into account. We must blind the hands of adventurers before they push the country into civil war."

Marx had asked, "Was it not inevitable that the barracks and bivouac, saber and musket, mustache and uniform, would finally hit on the idea of saving society once and for all by proclaiming the supremacy of their own regime and thus entirely freeing civil society from the trouble of ruling itself?"

The outcome in Poland will have nothing to do with the class struggle, since the fundamental reality of Polish politics remains the Soviet Army. But Marx would have understood that unhappy fact perfectly. Most of Poland was incorporated into the Russian Empire several decades before he was born, and it would remain there until several decades after he died.

Military repression of Polish uprisings was a recurrent phenomenon of 19th century political life. Marx argued that the cause of Polish national liberation was indistinguishable from the cause of Polish democracy.

A sense of Poland's tragic history, and a sharp sympathy for its people, remain deeply embedded in the traditions of the West European left. It finds expression currently in the outspoken denunciations of the Russian role in Poland by French Socialists.

Jaruzelski said, after imposing martial law, that "the Military Council for National Salvation is resolute in ensuring internal calm and safety of the nation."

In one case as in the other, Marx, whose analyses were not always wrong, would have recognized the authentic voice of the party of Order.

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From Oder and Elbe to the Mines

GENERAL Wojciech Jaruzelski (pronounced VOITS-yeck yaroo-ZELL-skee) was born on July 6, 1923, in the Lublin district in a landowning family proud of the sons it had sent into military service. After joining the Soviet-sponsored Polish First Army in 1943 as an infantry officer, he took part in the liberation of Warsaw and later in fighting on the Oder and the Elbe.

He joined the party in 1948. In 1960, with his appointment as chief political commissar of the armed forces, his career took on pronounced political overtones.

After being the youngest Polish general, he was awarded his fourth star on his appointment as defense minister in 1968. In the party, he entered the Central Committee in 1964, becoming an alternate Politburo member in 1970 and a full member in 1978. A reputation as a moderate—

derived in part from his reported refusal to intervene militarily against rioting workers in 1976 with the pledge that "Polish troops will never be used to fire upon Polish workers"—enhanced his stature in the party and is widely thought to have contributed to his selection as premier last February.

Despite shake-ups in his government in June and July, the economy continued to deteriorate. Jaruzelski warned: "We must decisively state that, if the situation will require it, authorities will execute their constitutional obligation to save the state from disintegration and the nation from catastrophe."

In October, after a stormy three-day meeting of the Central Committee, the party's first secretary, Stanislaw Kania, was ousted. Jaruzelski took over.

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They Heard Too Late

By Flora Lewis

PARIS — A private report from Warsaw, based on access to high-level information, said Gen. Wojciech Jaruzelski was on the verge of suicide about 10 days ago. According to this account, he was in a state of despair when he learned that miners were killed and workers were solemly enraged at what he said was a regime of national salvation.

It is impossible to prove, but it is credible. Jaruzelski's prestige, which brought him to the leadership, was founded on previous refusal to order Polish soldiers to use force against Poles.

The report said he was appalled at the way application of martial law was getting out of hand and closing down Poland's prospects. There has been indirect confirmation from the army newspaper, one of the few papers allowed to publish after the coup, which declared that "revenge is not in the spirit of Socialism" and denounced unspecified acts of reprisal under the guise of establishing order.

There is considerably more indirect confirmation that while the coup was thoroughly and carefully planned, there was little if any thought beforehand as to how the regime would then proceed to meet the country's distress.

"Obviously," a lifelong Polish Communist told me shortly after the Dec. 13 coup, "Gen. Jaruzelski has a political plan. It hinges on Lech Walesa, the Solidarity leader."

But if Walesa had capitulated from the start, what difference would it make to the country's chances? "That's true," the loyalist said. "Then Walesa would be finished, too."

That is the point. It is now sufficiently obvious that there was no real plan to advance Poland's revival, only to suppress a popular demand for reform. Whether the suppression was ordered by Moscow or undertaken by Poles trying to head off another occupation is secondary. The only option was who must take responsibility for suppression, not whether the Soviet Union would allow it to be avoided.

Further word from Warsaw is that the party remains bitterly divided. Deputy Premier Mieczyslaw Rakowski, who hurried to Bonn last week in search of indulgence, is the best-known reformist in the current leadership. For years he argued discreetly about the need to open up the system and even to question the dogma of "the leading role of the party" so as to admit an investigation of competence and good will.

That was long before even a thought of Solidarity existed. Rakowski has always been on what might be called the inner fringe, fighting hard-line adversaries who refused to yield an inch, and resisting those who demanded more

than seemed obtainable. In the first few days of total information blackout, there even seemed to be a possibility that the military with its nationalist tradition was going to use its power to overwhelm the party troglodytes, those who had repeatedly subverted the compromise that moderates in both the regime and Solidarity seemed to be seeking.

Now, too many people have been interested. Too many decrees have been issued. The security forces, an ominous East European phrase quite distinct from the conscript armed forces, have regained the power to terrorize.

So what is left to the Rakowskis and even the Jaruzelskis, beyond trying to cajole the West into maintaining subsidy for a bankrupt regime? Didn't they know how Poles would react? How could they fail to know, from their own lifetimes as well as their country's history, that open opposition could be quelled, but cooperation could not be commandeered?

A clandestine Solidarity tract, which reached Paris from Warsaw, offers 15 points of advice on passive resistance. The theme is: "Follow the most idiotic instructions to the letter. Don't try to solve problems ... The stupidity of the rules is your sure ally."

"Work slowly; criticize the disorder and inefficiency of the bosses; leave all decisions to the military commanders and collaborators; drown them with questions; tell them your doubts; don't think for them; play dumb."

If that is counterrevolutionary, it has been going on for a long time. It is the instinctive reaction of Poles who felt too long that they were not allowed to work for themselves and their country, that they had to serve a regime whose aims they cannot share.

The essential idea of "renewal" in Poland was to reverse that state of affairs peacefully, and to provide an encouraging outlet for energies.

But again and again, the leadership didn't know. They could scarcely know, because by definition the regime was based on frightening people into silence and where possible into flattering lip-service.

There are huge implications, affecting what may be only a mirage of power-bloc stability in this dangerous world.

There are also small implications, but no one escapes them. From ruler all down the pecking order, refusing to hear leads to not knowing. That is why it takes free speech, however unpleasant, to make society fruitful. Order is one thing and armies are trained to obtain it. Then what? Those who don't know can't obtain more.

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—Letters—

Meanwhile, Trouble Back at the Pentagon

By William V. Kennedy

WASHINGTON — There is a dichotomy between the honor code taught to the cadets at West Point and life as it is lived by the officer corps of the Army.

The cadet who lies, cheats or steals, or who fails to report someone else who is guilty of such conduct, is dismissed. Possibly as early as the age of 17, his or her life is blighted by a stain that may never be completely removed. In the officer corps, the lieutenant colonel or the general who reports a command ready to perform its mission when it is not more likely to be promoted than removed.

At the center of this dichotomy is the army's readiness reporting system. That system is built around a subjective judgment by the commander. In short, the commander at each echelon must certify at specified intervals that his command can or cannot do its job.

It goes against the grain of the American psyche to say, "No, sir, I cannot do that job." The longer one is in command, the greater the pressures to report that the command is better off today than it was when the reporting officer arrived, even though the opposite may be the case. The result is a continuous round of deception and self-deception that has reached dangerous proportions not only for the individuals concerned but for the Army and the United States as a whole.

There is, for one thing, an accumulating body of evidence that the M-1 "Abrams" tank is not the preferred choice of many, possibly most, experienced armor leaders. Over and over again as a member of the Army War College faculty and since then as a military journalist, I have heard the opinion expressed by combat arms colonels that the United States should have bought the West German Leopard 2 "off the shelf" and saved millions if not billions of dollars in the costs of research, development and acquisition.

Recent reports from the General Accounting Office raise serious questions about the M-1, in contrast to the generally excellent performance of the Leopard series tanks from their inception.

Yet the leadership of the Army has sought to give the country an entirely different impression. What, then, do you suppose will be the subjective judgment of the first

unit commander to be re-equipped with the M-1?

One hears constantly that the principal problems of the volunteer army have been solved and that the quality of its members is increasing steadily. Yet an infantry general has told me within recent weeks that a tour of duty in one of the prime NATO-reinforcing divisions convinces him that manuals rewritten to the fourth-grade level still are beyond the comprehension

The immediate result is to make field service nothing more than a stopping-off place to "better" things. The more serious long-term result is an inversion of values so that the methods by which those goals are sought are now largely indistinguishable from those of the marketplace and the country club.

Indeed, the research department of the Army War College publishes an annual announcement to the effect that applications are not de-

The same teams that test regular Air Force units test the units of the Air National Guard and the Air Force Reserve under identical criteria — and that goes a long way toward explaining why the Air Force has the only effective guard and reserve forces in the entire defense system.

The ORI forced the Air Force to make training its first priority, with administration and logistics important but secondary considerations. Exactly the opposite situation prevails in the Army.

The time has come to make the ORI standard throughout the defense readiness reporting system. It will not make liars into honest men, but it will tell the graduate who wants to live by the West Point honor code that there is a place for him in the only part of the Army that really matters.

The writer is a military journalist and a colonel in the Army Reserve. He has served as an intelligence officer in the Strategic Air Command and for 14 years as a faculty member of the Army War College. He contributed this article to The Washington Post.

Letters intended for publication should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request anonymity. Letters may be abridged. We are unable to acknowledge all letters, but value the views of readers who submit them.

U.S. ARMY

of many of the soldiers and that the professional leadership of the divisions — officer and noncommissioned — lacks confidence in the equipment.

The M-1 tank and the almost equally complicated and expensive infantry fighting vehicle were singled out. Considering the enormous bureaucratic investment the Army has made in those vehicles, any senior officer who wrote such an assessment into his unit's readiness report would be signing his professional death warrant.

The newly commissioned officer who confronts this system has three choices: lie and cheat as necessary to get by, leave, or dodge command assignments.

The impression I get is that most of the "best and the brightest" leave, or seek out some safe berth in the nooks and crannies of the Army bureaucracy.

sired from anyone whose primary interest is in the field army.

There are no quick fixes. The Navy and the Air Force are no beacons of moral virtue either. But they both have a discipline imposed by their respective operating environments, an influence that affects the Army only in wartime. If a ship is not sound it sinks, or at least stops. Dishonest reporting of aircraft status leads to quick, spectacular disaster.

Recognizing that, Gen. Curtis E. LeMay imposed on the Air Force a performance test called an Operational Readiness Inspection and made the ORI the basis of the Air Force readiness reporting system. A testing team descends on a unit and, in effect, orders it into action. The results are graded. Within reasonable allowances, the commander whose unit fails is relieved, at least under the LeMay rules.

Jan. 6: From Our Pages of 75 and 50 Years Ago

1907: Seamen's Union Opposed

Today's editorial in the Herald reads: "Trade-unionism has finally made its influence felt in the mercantile shipping industry. Hamburg ship-owners are vigorously attacking the association formed by officers in their employ. Hitherto the great movement toward the 'pooling' of labor interests, one of the most striking economic phenomena of modern times, has not been felt at sea, owing probably to the difficulty of effective cooperation. It is easy for masons, bricklayers and railway employees to organize meetings and decide upon a plan of united action, but not for men who are scattered in small groups over the oceans of the globe."

1932: Democratic Tax Plan

WASHINGTON — The Democratic tax program, calling for a sales tax on gasoline, automobiles and radios and a return to the 1924 income tax schedule, was made public today. Despite previous statements that the party would not consider any sales taxes such as incorporated in the program introduced by the administration, the leaders found it necessary to choose between two evils: the sales tax for some items, or tax on incomes under \$3,500 for married persons. The Republican measure contains no federal tax on gasoline but does include a sales tax on radios as well as on phonographs, and a two-cent stamp tax on all personal checks.

Tied Journalists

Prof. Luther S. Luedtke (IHT, Dec. 15), interim director of the USC School of Journalism, makes an eloquent plea for continued government expenditure to send Fulbright scholars abroad. Perhaps he could help by getting American schools of journalism to allow their students to study abroad at their own expense.

Of all the sections in American universities, the journalism schools are the most remiss in this respect. How ironic that journalists are denied international education.

HERBERT MAZA.
Aix-en-Provence, France.

Herald Tribune

Published with The New York Times and The Washington Post

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International Herald Tribune, S.A., au capital de 1,200,000 F. R.C. Paris No 73 B 212. 179/181, rue Charles de Gaulle, 92521 Neuilly-sur-Seine. Tel. 467-12-45. Telex 107148 Herald Paris Cables: Herald, Paris. Directeur de la publication: Walter D. Taylor. U.S. subscription price \$235 yearly. Second class postage paid at Long Island City, N.Y. 11101. © 1982 International Herald Tribune. All rights reserved. Communication Postale No. 321.

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Michel Piccoli (left), Gerard Lanvin and Jean-Pierre Kalfon in "Une Étrange Affaire."

'Strange Affair' Is Enigmatic Film

By Thomas Quinn Curtiss

PARIS — "Une Étrange Affaire" shows the capital-labor confrontation with the personnel in business suits instead of overalls. Elevated to the white-collar realm, its message is the same: Beware of the boss.

The boss — or patron — has become such a standard heavy of the French movies that the mere sight of him induces a shudder. The specimen on exhibit here has an oily, worldly veneer, but despite his polite manner he is a Simon Legree carrying a portfolio in place of a bullwhip.

When he takes over a department-store chain, his employees are in a dither, tremblingly speculating on what he will do. As expected he fires and hires, but the story dizzily revolves around the satanic control he wields over one wage slave.

This victim, an ambitious young man, tells in the firm's publicity office. Contentedly married to a bright and adoring wife, he is estranged from her and from his family and friends by his new,

Mephistophelian master who — for obscure reasons — makes him his creature and then as if by magic disappears, leaving a whirl of sulfur in the air.

An impenetrable, chilling fog hovers over "A Strange Affair." The motives of its weird secrets are never disclosed. One's interest is aroused and held by its odd characters and details, but it remains enigmatic to the last fadeout.

Pierre Granier-Deferre's directorial treatment is realistic in tone, but there is a shade of the fantastic in the curious narrative. It is exceptionally well-acted, with Michel Piccoli as the dominating financier, Gerard Lanvin as the employee he fascinates, Nathalie Baye as the distrustful wife and Jean-Pierre Kalfon as the obedient company man. This guessing game is far from boring, but its inconclusiveness may cause some futile head-scratching.

Francis Veber's "La Chèvre" is the most popular celluloid comedy of the season in France — and deservedly so. Pierre Richard, the star cinema clown, has proven less than a marvel of bilianity in other vehicles he has designed for himself, but here, once more at his best under the guidance of the nimble Veber, he raises loud peals of laughter on his every appearance. Richard plays a befuddled, blond-clerk who fancies himself the heir of Sherlock Holmes when he is appointed to fly to Mexico and

liberate his employer's daughter from the nefarious bandits holding her for ransom. His absurd comportment in a series of misadventures rocks the house. Gerard Depardieu, as his exasperated companion, is the straight man of this slapstick harlequinade.

And 'Pennies From Heaven' Is Eccentric One

By Vincent Canby

NEW YORK — The place is Chicago and the time is 1934, the year of the Chicago World's Fair that celebrated "a century of progress," though the United States was then in the midst of the greatest economic depression it had ever known.

Arthur (Steve Martin), a young man who frequently wears a cartoonish grin and across a benignly empty countenance, is an unsuccessful but enthusiastic peddler of sheet music, a dreamer who believes in the singular optimism of the words of the popular songs he sells. Life, to Arthur, is a bowl of cherries. If one waits long enough, the clouds will roll by and one may well see a dream walking. Love, he believes, is good for anything that ails you.

Arthur, clearly, is doomed. Herbert Ross' "Pennies From Heaven," which has nothing to do with the old Bing Crosby movie but which is adapted by Dennis Potter from his successful BBC series of the same name, is a stylized, sometimes neo-Brechtian comedy-melodrama with music, about poor Arthur's cheerful decline and fall in a rotten world he refuses to recognize. At bleak moments, such as the time the bank refuses his loan to open a record shop, Arthur shuts out reality by escaping into a bog, Bus-

by Berkeley-like production number. Arthur and the bank manager lip-synch the lyrics to "Yes, Yes, My Baby Said Yes, Yes," surrounded by a couple of dozen chorus girls who tap-tap away and toss about large cardboard cards, forming geometric patterns against the Art Deco set.

At a certain moment, when Arthur and his mistress Ellen (Bernadette Peters), a once-innocent-virgin-turned-streetwalker, are watching "Follow the Fleet," they leave the grubby movie theater to enter the screen, taking over from Fred Astaire and Ginger Rogers in the classic "Let's Face the Music and Dance" number.

"Pennies From Heaven" is full of such startlingly bold and risky transitions, the sort that work more smoothly on the stage than in a film. However, I'm not sure that I know what all this adds up to. From start to finish, I watched "Pennies From Heaven" with what might be best described as baffled interest. The merciless eye of the camera and the film's deliberate pacing drain all real wit and spontaneity from the sequence.

The fun should come from the extreme contrast between Arthur's romantic daydreams and the awful realities of his life, which would include his nagging wife, Joan — beautifully played by Jessica Harper — whose usual disap-

proval becomes a mere surly pout when she's feeling kind. The problem is that Ross' picture of Depression America — a lot of the unfortunate Ellen's progress from schoolmarm to prostitute, of Arthur's sudden arrest and trial for a murder he didn't commit — is no less broadly romantic than the "elaborately staged daydreams."

All of the musical numbers are good, and a couple are great, reflecting the interests of Ross and Nora Kaye, his co-producer (and wife). If movies could be stopped, Vernel Bagneris, an enigmatic bum known as the Accordion Man, would stop "Pennies From Heaven" with his extravagant dance scene in a roadside diner, as would the most surprising sequence, a low-life song-and-dance "Let's Misbehave" featuring a furiously athletic performance by Christopher Walken. Peter is funny and charming lip-synching Helen Kane's "I Want to Be Bad," and Martin is something of a revelation as a dancer.

The movie, though, is chilly without being provocative in any intellectual way. Unlike Brecht, the people who made "Pennies From Heaven" don't seem to have anything political in mind. It's simply an eccentric show, but it is one, I suspect, that will become something of a cause among people who like to go to movies at midnight.

Skimming the History of Milk Since the Neolithic Era

THE NEOLITHIC era was, gastronomically, perhaps the most inventive humankind has ever known. It saw the creation of the first cooking vessels that could withstand being placed over flames; it was distinguished by the first deliberate use of seasoning, and it is believed that, during this age, people began to practice the art of milking.

At first cows were milked from behind, as sheep and goats are today, but cows convinced their milkers of the unwisdom of this method about 5,000 years ago, and a flanking movement was executed.

The steppes of Eurasia constituted the great milk reservoir of the ancient world. Excellent for pasture, but for little else, they were crisscrossed by nomads and their herds as far back as history goes. It was from the steppes that the Aryans, great consumers of milk and curds, entered India about 1750 B.C., bringing their cattle with them.

Clarified Butter

The climate of India should not have seemed propitious to a food so perishable at high temperatures; India developed *ghee*, the clarified butter that keeps even in warm climates. The cattle of the steppes were less resistant than *ghee*, and gave way little by little to the indigenous tropical animals of India, better adapted to the weather of the subcontinent.

At the eastern end of the Mediterranean, where the climate also seemed little suited to milk, the earliest knowledge we have of its presence is provided by a milking scene on a frieze at Ur dated 2900

B.C. A similar representation appears on an Egyptian sarcophagus of the 11th dynasty, about 2600 B.C.

Georges and Germaine Blond believe that milk was "a rare treat" for the ancient Egyptians, and that they had neither butter nor cheese. No equivalent of *ghee* appeared in

WAVERLEY ROOT

this region, where, if there was milk at all, it was much less used than in India. The Egyptians may have made curds, which keep better than whole milk.

The word "butter" in the Old Testament is sometimes thought to be a mistranslation of a Hebrew word that actually meant "curds," but there are numerous biblical references to what must have been liquid milk — for instance, Jacob's prediction that the teeth of Judah would be "white with milk," which symbolized plenty; and the description of Canaan as "a land flowing with milk and honey." And Job was certainly talking of a liquid when he said, "Hast thou not poured me out as milk, and curdled me like cheese?"

Lack of Pasture

In Greece, not overburdened with good pasture land, only goat's and sheep's milk seems to have been used. Ancient Greek writings do not mention cow's milk; nobody drank it, not even infants. When a baby could not be breast-fed it was given goat's milk.

Of the two forms of milk available to ancient Greece, goat's was the favorite. When the animals were milked in the morning,

enough fresh milk would be set aside for the day's needs, and the rest was converted into cheese at once, before the climate could get to it. Hippocrates recommended that his patients drink *oenogala*, a mixture of wine and goat's milk.

The ancient Romans, like the Greeks, do not seem to have been great drinkers of fresh milk, except in that combination of goat's milk with wine. The first specialty of the ancient Latins was sheep; to this day the typical cheeses of the Roman area, *ricotta* and *pecorino*, are both made from sheep's milk, or should be.

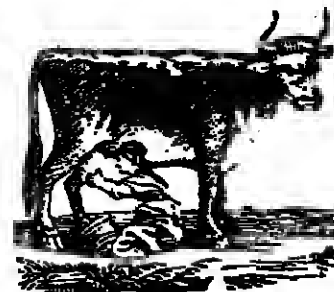
Most of the references to milk in classical literature invoke the nomads of the steppes, or perhaps even Tartars, farther east and north. Herodotus wrote that the Scythians skimmed off the cream from mare's milk because it was the best part; this would also have permitted the skimmed milk that remained to keep longer. To the north, milk was provided by reindeer.

In China, milking does not seem to have come in before 2000 B.C.,

hot dairy products have never been important in China. Though it was rare on the table it was sufficiently well-known to serve as a basis for comparisons in literature, as when a poet of the mid-13th century described the meat of the coconut as being of "a jaded white and of an agreeable taste, resembling that of cow's milk."

'Pharaoh's Rats'

The 13th-century Tatars, Marco Polo wrote, "live on meat and milk and game and on Pharaoh's rats [a sort of mongoose]. . . . They have no objection to



eating the flesh of horses and dogs and drinking mare's milk. . . . When they are going on a long expedition, they carry no baggage with them. They each carry two leather flasks to hold the milk they drink" — sometimes in dried form.

The Great Khan's dining room, Marco Polo tells us, offered both mare's and camel's milk, but his most prized beverage came from a special herd of white mares.

The mare's milk drunk by the horse-based societies of the steppes was of particular importance to them, for they ate no vegetables or fruit and would have been ready victims for scurvy had it not been for the mare. All milks contain the anti-scurvy vitamin C, but that of mares is especially rich in it.

Important in Sahara

For a similar reason, milk and its derivatives became important foods in what might have seemed another unlikely area for a food perishable in hot climates — the Sahara and its adjoining regions. In 1477 a French traveler reported with some surprise that he had come upon sizable herds of cattle in the region of Tlemcen, now in western Algeria.

Sallust had been surprised too, in the first century B.C., by the ability of the Numidians to get along without salt; they got it from milk, which contains 1.6 grams per liter. The nomads of the Sahara, like those of the Eurasian steppes, travel with their herds and are dependent to a large extent on their milk; but it is provided, not by mares, but by goats and camels.

In Europe milk was not much in evidence in the Middle Ages, partly because the cows of those days were sparse producers. The lords had herds of cattle, but the cows did well to give enough milk in a week to make a pound of butter. Whole milk was usually not drunk, but buttermilk was.

Fit Only for Cooking

In medieval England and Germany, milk, butter and cheese were looked upon as unfit for any but the simplest cooking. The English were more receptive than the Germans to dairy products (which they called "white meat"), perhaps because they had more of them. Everywhere in England cows could be grazed on the village commons; milk became a victim of snobbery because it was available to any peasant who could acquire a cow even if he had no land to graze it

on. It was disdained by the well-to-do when England became prosperous in the 16th century.

Englishmen drank whole milk on occasion, but usually curds were made from it for use in sweet dishes, or it was converted into butter or cheese, and the whey was drunk. England seems to have had more milk than France in about 1630, for John Locke, traveling then on the Continent, complained of the lack of milk in France.

Milk had been obtainable in France as early as the fifth century, however, and seems to have been held in some esteem, for St. Genevieve, the patroness of Paris, who had lived all her life on barley bread and broad beans in oil, allowed herself to be persuaded by her disciples to add milk and a little fish to her diet when she became old and feeble.

Unhygienic Conditions

Little whole milk was used from the 17th to the 19th centuries because people were afraid of it. The conditions in which it was produced, kept and sold were unhygienic in the extreme, both in Europe and in the United States. (The first settlers in Virginia brought goats with them and added cows in 1611. The first in Plymouth were imported in 1624, three cows and a bull; by 1640 cattle were plentiful there.)

By the end of the 1860s, however, mechanical cooling had come to England, and pasteurization arrived 1890. Milk came into its own, and within a century was esteemed for its nutritive qualities.

Now once more it has begun to be viewed as dangerous. This time it was a question of pollution, of a kind unknown until the second half of this century: pesticides, antibiotics and hormones, even atomic fallout. In the United States the demand for milk has dropped 10 percent in 10 years.

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U.S. Bass in Met Debut

United Press International

NEW YORK — Simon Estes, 43, Iowa-born bass who has sung lead roles in Europe since 1974, made his Metropolitan Opera debut Monday as the Landgrave Hermann in "Tannhauser."

New Data Strongly Tie Diet to Heart Disease

Lowering Cholesterol Can Reduce Risk of Attacks, Oslo Study Finds

By Jane E. Brody

New York Times Service

NEW YORK — A major study in Norway has shown more persuasively than any previous experiment that eating less fat and cholesterol can reduce the chances of suffering a heart attack or of dying suddenly from heart disease. The study also showed a smaller benefit from stopping smoking or reducing the number of cigarettes smoked.

The study, conducted in Oslo among more than 1,200 healthy men who had high levels of cholesterol in their blood, is considered by experts in the United States to be the best evidence to date of the

life-saving value of changing dietary habits. After five years, the men in the experimental group had a 47-percent lower rate of heart attacks and sudden deaths than did a comparable group of men who served as controls.

Previous studies were mostly conducted with smaller groups, among men living in institutions or among those who had already suffered one heart attack. In 1980, the Food and Nutrition Board of the National Academy of Sciences concluded that no study had yet convincingly shown a life-saving benefit of dietary changes designed to reduce cholesterol levels in the blood.

Dr. Henry Blackburn, a heart-diet expert at the University of Minnesota and a director of several major studies in the United States, described the Norwegian study as well designed and neatly executed. He said that it showed for the first time the benefits of dietary change in a large group of ordinary, noninstitutionalized men.

The Norwegian study was begun in 1972 among 1,232 men 40 to 49 years old who were selected because they faced a high risk of developing heart disease. Though their blood pressure was normal, their cholesterol levels were considered high — from 290 to 380 milligrams of cholesterol per 100

milliliters of blood — and 80 percent of them smoked cigarettes.

An analysis of the subjects' regular diets showed that most consumed foods high in saturated fats and cholesterol, which tend to raise cholesterol levels in the blood. Prominent in their diets were butter, sausage, high-fat cheese, eggs and whole milk. By contrast, polyunsaturated fats, which help to lower cholesterol levels in the blood, were infrequently consumed.

The men were then randomly assigned either to an experimental or to a control group. The experimental group was given guidance on stopping smoking and advised to follow a cholesterol-lowering diet. The dietary recommendations included substituting skim milk for whole milk, eating no more than one egg a week, using polyunsaturated oil for cooking and baking, eating fruit for dessert, making sandwiches on high-fiber bread using fish or vegetable filling or low-fat cheese or meat, and relying on main dishes of fish, whole meat and low-fat meat with potatoes and vegetables.

No drugs were used and no recommendations were made for changing exercise habits or losing weight, which changed only minimally in the five-year period.

Overall, five years later cholesterol levels were 13 percent lower

in the experimental group, averaging 263 milligrams per 100 milliliters of blood as against 341 in the control group. Triglyceride levels, another risk factor in heart disease, had also dropped substantially in the experimental group, and the ratio of protective HDL cholesterol to harmful LDL cholesterol had risen.

Those men who experienced the greatest drop in cholesterol levels had adhered most closely to the dietary recommendations, according to the research team. The team, from the Oslo Department of Health and the Life Insurance Companies' Institute for Medical Statistics, was directed by Dr. I. Hjerthum.

60% of Difference

The team cited the consumption of less saturated fat (mostly animal fat) as the single most influential dietary change. They calculated that dietary changes accounted for 60 percent of the difference in the number of heart attacks and heart deaths suffered by the two groups of men.

Changes in smoking habits were less dramatic, accounting for approximately 25 percent of the reduction in heart disease. The average consumption of tobacco per man fell 45 percent in the experimental group, but only 25 percent of the group completely stopped smoking.

The fun should come from the extreme contrast between Arthur's romantic daydreams and the awful realities of his life, which would include his nagging wife, Joan — beautifully played by Jessica Harper — whose usual disap-

Gasoline Thefts Huge, Soviet Official Reports

The Associated Press

MOSCOW — The Soviet Union suffers huge losses of gasoline every year because of carelessness and theft, a Soviet official has been reported as saying.

An article published Tuesday in the newspaper Socialist Industry quoted the official as saying that it was common for workers using gasoline and administrators who distribute it to falsify the amount of gas used on a job and sell the difference.

Shyness May Start at Birth, U.S. Expert Says

By Christine Russell

Washington Post Service

WASHINGTON — Some infants who are shy or fearful may be born that way, and this characteristic may persist through childhood and adolescence, according to Dr. Jerome Kagan, a Harvard University researcher.

Dr. Kagan said that recent research with children pinpointed shyness as one of the "more permanent" temperamental qualities.

In a study of 2-year-olds he found more than 10 percent to be "very inhibited," and more than one-third of them appeared to be "biologically predisposed" either through inheritance or stresses on

the mother during pregnancy, to extreme shyness.

Many children go through a shy period during the first year or so, Dr. Kagan said Monday, but in the children he studied the most inhibited ones often continued at age 2 and beyond to be shy of visitors and eager to stay close to their mothers.

More than one-third of the inhibited children later became less fearful, but those children who may have been born with a tendency toward this trait were less likely to grow out of it, he said, in a presentation at an American Association for the Advancement of Science meeting in Washington.

These children were identified as having higher heart rates while looking at pictures or listening to something that was unfamiliar or difficult to understand. Dr. Kagan interpreted this as a "greater effort to understand the familiar."

This group of children has been followed thus far to the age of 3½ years and will continue to be studied after entering school, he said.

He noted that other studies have shown that identical twins are "more similar in their tendency to be shy or outgoing" than fraternal twins.

That tendency might be inherited or could result, he suggested, from prenatal influences in the womb caused by physical or psychological stress in the mother. The nervous system begins development, he said, in the fifth or sixth week after conception.

Difference Continued

Dr. Kagan cited another long-term study that he conducted in which a group of children was followed from birth to adulthood. He found that a small group — seven boys out of 36 — who were "extremely inhibited and shy during

the first three years of life" continued to be different throughout childhood and adolescence.

As adults, he said, they "chose less traditional masculine vocations" and were less likely to be good at things such as athletics. Because "this is the only evidence I know of that implies continuity of this temperamental disposition from infancy through adulthood, it should be viewed with some caution," he emphasized.

Another researcher at the session, Stephen J. Suomi of the University of Wisconsin, presented data on monkeys suggesting that some may be genetically predisposed toward being "up-tight" or "fearful."

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Our editors would like to hear from you

Interested in the arts and in leisure activities? Keeping up with the latest new restaurants? New movies and new plays? Do you run quickly to Art Buchwald, Russell Baker and William Safire or is it the bridge column or the comics that get top priority?

Arts and leisure coverage is one area where the interests of our readers are diverse. We hope the questionnaire below will help us understand them better. Whether you regularly read our features or not, your response will be helpful—and greatly appreciated.

What are your regular sources of arts and leisure information?

PLEASE CHECK AS MANY AS APPLY

International Herald Tribune ☐

Other daily newspaper(s) (please specify) _____

Weekly magazine(s) (please specify) _____

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Radio/Television/Other (please specify) _____

Here is a selection of arts and leisure topics that are covered in the International Herald Tribune. Please indicate how often you read each article in the newspaper.

	Always	Sometimes	Never/Almost never
Fashion			
Theatre reviews			
Movie reviews			
Concerts/Opera/Dance			
Records & Tapes			
Food/Wine			
Restaurant reviews			
Photography			
Medicine/Health			
Architecture/Interior Decoration			
Back page feature article			
Int'l directory of cultural events			
Personality profiles			
Travel & Tourism			
First news & Auctions			
Museums/Galleries/Exhibitions			
Advice and personal services			
Shopping			
Book reviews			
Bridge			
Chess			
Comics			
Greenwood Puzzle			
Weather data			
People column			
Russell Baker			
Art Buchwald			
William Safire			

And which topics would you particularly like to read more about?

Questionnaires concerning other sections of the paper will appear in the coming months as part of our continuing review of how we can better serve our readers.

Thank you for your co-operation.

Please return the questionnaire to Barbara Lewis, International Herald Tribune, 181 Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France.

Is there anything you particularly like or dislike in the arts and culture coverage of the International Herald Tribune?

Once a week, the International Herald Tribune publishes a special section called WEEKEND. How often do you read this section of the paper?

Every week ☐

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How would you rate its content?

Excellent ☐

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Poor ☐

Which, if any, of the following topics covered in WEEKEND do you particularly enjoy or find useful?

Personality profiles ☐

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Travel ☐

Food/Wine/Restaurant reviews ☐

Arts/Auctions/First Arts ☐

Other (please specify) _____

How often do you read the International Herald Tribune?

5 or 6 times a week ☐

3 or 4 times a week ☐

1 or 2 times a week ☐

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Are you male ☐ female ☐

Of which country are you a citizen _____

In which country do you currently live _____

What is your age

under 25 ☐ 26-45 ☐ 46-65 ☐ over 65 ☐

Tables include the nationwide prices up to the closing on Wall Street.

Panel Calls Design Key to U.S. Output

WASHINGTON — American industry could raise its productivity 15 to 40 percent by concentrating more on design, a quality control specialist has told scientists here.

Japan's "excellent quality assurance program" began with the design, but U.S. attention often is directed toward the finished product, said Armand V. Fiorenbaum, chief executive of General Systems, a consulting firm.

At a session of the American Association for the Advancement of Science, the tradition of measures of productivity have never included the 15 to 40 percent of a plant's effort in the so-called hidden plant — that has to be made rejected products.

Mr. Fiorenbaum and a panel of other specialists agreed there are no fundamental obstacles to a resurgence of U.S. productivity. Much of Japan's techniques were adopted on U.S. advice and were just implemented better than in the United States, they said.

In Japan, it is recognized that "the specifications for designs are more important than the production process," said Genichi Taguchi, head of the Japanese Academy of Quality Management, which advises industry and government on quality control.

The new complexity of modern products has outdated old production-line quality control methods, said Ed Fuchs, director of quality assurance at the Bell Laboratories. But the "versary tradition between U.S. management and labor will make it hard to set up new methods," he said.

Herald Tribune
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(Continued on Page 8)

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Soviet Gold Sales Up Sharply

By Steven Ratner
New York Times Service

LONDON — Besei by economic difficulties, including the troubles in Poland, the Soviet Union has been selling gold heavily in recent months.

Although precise figures are not available, analysts say Soviet sales have risen from about 90 metric tons in 1980 to perhaps 200 tons last year, much of it marketed in the final three months.

The sharp increase, gold market participants say, has contributed heavily to the current weakness in gold prices, which slipped in London below \$400 on Monday, to \$395.50, before climbing back to \$403.50. Tuesday, gold sold at \$433.50. It last January the price was around \$580 and two years ago, gold was at \$850.

"What surprised people was that the volume of the sales was higher than anticipated," said Guy Field of Derby & Co., a London dealer. "With the political events, in particular, one could have anticipated higher prices otherwise."

Sign markets to earn hard currencies to help finance heavy demands for foreign goods and to take advantage of prices it considers favorable.

In recent years, the Russians, who market most of their gold through the Wozhobd Handelsbank in Zurich, have become increasingly sophisticated in their gold transactions. They sometimes buy gold, for profit and to confuse observers, and are even thought to make use of arbitrage and the futures markets in New York from time to time.

They have also been diversifying their choice of markets, to include places such as Kuwait and Tokyo. In addition, after an absence of several years, they resumed making physical deliveries of gold in London late last year.

The decline in currency holdings, analysts here said, resulted in turn from a marked deterioration in the Soviet balance of payments, which was thought to be as much as \$3 billion in deficit in 1981, after a modest surplus in 1980.

The Soviet Union itself acknowledged last fall that the gap with the West totaled \$3.66 billion in the first half of 1981, more than double the 1980 level. Imports were up 20 percent while exports rose by only 7.4 percent, according to the Soviet figures.

Drop in Foreign Reserves

The sharp increase in Soviet sales late in 1981 was apparently motivated in large part by a drop in Soviet foreign reserves. According to figures recently published by the Bank of England, Soviet currency reserves in major Western countries totaled \$3.6 billion at the end of June, compared with \$5.5 billion just three months earlier. As recently as 1980, the total touched about \$9 billion.

"The Russians do in fact use their gold for foreign exchange requirements," said David Potts, chief analyst at Consolidated Gold Fields. "We think the Soviet Union will have quite a strong need for gold this year."

Second to South Africa

As recently as November, the Union Bank of Switzerland estimated that 1981 Soviet sales would amount to only 160 tons. Currently, Soviet gold production is about 300 tons annually, 60 tons of which is used domestically. That makes it second only to South Africa, which produced an estimated 650 tons last year.

The Soviet Union has traditionally sold varying amounts in for-

Variety of Reasons

The experts here attributed the Soviet difficulties to a variety of factors, including record grain prices, disappointing oil revenues and the Polish difficulties. The Soviet Union also has incurred heavy military expenditures as a result of its intervention in Afghanistan.

The fall in gold prices itself has required larger sales by the Soviet Union in order to obtain the same quantity of foreign exchange.

Although no reliable estimates are available, experts here are convinced that the Soviet Union has been heavily supporting Poland during its economic crisis. In September, the Russians said their trade surplus with Poland in the first half of 1981 was \$1.13 billion, virtually equal to the \$1.14 billion surplus for all of 1980. Analysts here wonder how much of those imports Poland was able to pay for.

Canada's Arctic Oil Enigma: Just How Big Is the Bonanza?

By Stanley Meisler
Los Angeles Times Service

TORONTO — In the view of many analysts, 1981 was supposed to be the year that Canada finally found out if a great oil bonanza really did lie beneath its remote and forbidding Arctic region. But the year has come and gone with the question still unanswered.

Nonetheless, that uncertainty has not diminished the oil companies' public show of optimism. Nor has the federal government betrayed any loss of faith. It seems as determined as ever to encourage oil exploration in the Arctic.

The uncertainty was supposed to have been cleared up in November when Dome Petroleum, the main explorer in the Beaufort Sea, described the results of its 1981 drilling as "positive confirmation of major oil potential on Dome island."

ate different kinds of problems for drillers. Unique techniques have had to be devised.

For most of the year, ice hards between the islands of the high Arctic. During the coldest months, the ice is so thick that Panarctic Oils, the oil company operating there, supplies its barges by landing jet cargo planes directly on the ice.

Ice Islands

To drill exploratory wells over the waters between the islands, Panarctic, which is 50-percent owned by the Canadian government, creates ice islands. Its workers bore holes through the ice and then pump up the sea water to flood the surface until an ice platform is created that is strong enough to support a rig. In the summer, the rigs are shifted to the islands for drilling on land.

No well is yet in production in the Canadian Arctic, but oil has been found in test drilling in the Arctic archipelago, the Mackenzie Delta and the Beaufort Sea. The most significant finds have been in the Beaufort Sea. Dome estimates reserves in the combined Beaufort-Mackenzie area at 32 billion barrels. The Canadian Department of Energy, however, has put its estimate at 9.4 billion barrels.

The new, aggressive approach comes amid a worldwide recession that has made the U.S. trading partners reluctant. If not sure to refuse, to reduce trade barriers further. If anything, the sentiment in Europe is to increase protection for domestic industry.

But as the recession hits harder, frustration is growing, particularly in Congress, over U.S. inability to open more foreign markets to U.S. goods.

Proponents of the reciprocity concept argue it is nothing more than the "fair trade" approach called for by U.S. businesses for decades. But previous administrations and Congress have rejected the idea, and critics say it would mark a departure from the Reagan administration's free-trade policies. Nonetheless, administration officials and legislators — whether because of pressure from businessmen or worry about unemployment — are increasingly in favor of the idea.

Dome published estimates from consultants that between 1.8 billion and 4.5 billion barrels of oil lay at its Kopanoor structure in the Beaufort Sea, and between 2 billion and 5 billion barrels of oil lay at its Koekoak structure in the sea.

But there was some hesitation by others about the significance of these estimates. Kenneth Lewington, the respected energy writer of The Globe and Mail of Toronto, concluded that the results, "though indicating large oil potential, leave doubt whether the discoveries are large enough to warrant commercial production."

Under Canada's year-old National Energy Program, the federal government is subsidizing exploration of the Arctic and offshore Newfoundland. The subsidies are more generous to Canadians than to foreigners: the federal government subsidizes 80 percent of the exploration costs for a Canadian company like Dome.

There seems little doubt that there are great reservoirs of oil off Newfoundland, and the government, in its policy, is gambling that there can be finds of equal size in the Arctic.

At present, there are two main areas of oil interest in the Canadian Arctic: the Arctic archipelago known as the Queen Elizabeth Islands, a vast, sparsely populated part of the world north of the 75th parallel, and the Beaufort Sea.

Ice is the main problem in both areas, and it is a formidable problem.

The ice of the Arctic archipelago and the ice of the Beaufort Sea cre-

continue to maintain essentially open markets for foreign goods, services and investment. But if other nations refuse to reciprocate by lowering their barriers, Washington would respond with restrictions of its own.

Although not yet finally approved by the president, the reciprocity strategy is already getting mixed reviews from trade experts outside the government. They generally agree that past efforts at opening foreign markets have not always worked well. But some doubt the new approach will be any more successful. Moreover, there are fears that the reciprocity strategy may be pushed too far.

Helen B. Juntz, an analyst at the New York economic consulting firm of Townsend-Greenspan, warns if the administration seeks new legislation to back up its reciprocity approach, it could risk a protectionist spree in Congress.

By far the most ambitious of the Reagan administration's foreign-trade plans for 1982 is a major campaign to break down Japanese barriers to U.S. business — not just in sales of commodities and manufactured products but also in services such as banking and insurance and in investment.

U.S. efforts to get Japan to open its markets have failed before. But this time, the United States has a new tactic: Instead of seeking concessions on specific items, such as citrus exports, it will prod the Japanese to reconsider their entire import policy.

The U.S. agenda for Western Europe is less sweeping but potentially just as frustrating. Despite the continuing high unemployment there, the administration plans to revive three longstanding trade disputes, involving subsidies for agriculture, textiles and steel.

U.S. officials also hope to convene a ministerial-level conference next November to review the 1978 international agreement that low-

Initiative Unclear

How hard the administration will push the reciprocity idea is not clear yet. Commerce Secretary Malcolm Baldrige says he is advocating the plan strongly, but other strategists, including William Brock, the special trade representative, seem more cautious.

If the policy-makers proceed as proposed, the United States would



E-COM technicians operate a computer terminal that instructs system to transmit messages stored in tape machines behind.

Postal Service in U.S. Starts Electronic Mail Deliveries

By Ernest Holsendolph
New York Times Service

WASHINGTON — The U.S. Postal Service, after years of delay, Monday began its electronic mail service for commercial users, in the face of criticism and court action.

Called E-COM, for electronic computer-originated mail, the new service provides high-volume commercial customers the ability to transmit messages to post offices, computer to computer, for final delivery by first-class mail anywhere in the 48 contiguous states in two days or less. More than 100 companies and institutions have signed up to obtain the service.

Postal Service officials said they would wait 24 hours before assessing the service's first day of operation.

Karen Demoto, director of the E-COM service, said Monday that volume is expected to reach 20 million to 30 million pieces in the next year, and the growth should make

it possible to recover capital costs of about \$40 million in five years.

Postmaster General William F. Bolger hailed the service Monday as "a new chapter in the Postal Service's 206-year history" and "a unique partnership with the private sector."

110 Million Pieces

He said that the Postal Service, an independent government organization, is already considering improvements, such as an expansion of the handling capacity, now expected to be about 110 million pieces a year, and the addition of service to Hawaii and Alaska.

Responding to critics, and to the Justice Department, which tried in vain last week to block Monday's inauguration of the service, the postmaster general offered assurances that the agency will not rush headlong into electronic mail and will not operate the E-COM (Continued on Page 9, Col. 6)

Mexico, Venezuela, Algeria Cut Prices for Their Crude

From Agency Dispatches

PARIS — Three top oil-producing nations, Mexico, Venezuela and Algeria, are reported to have cut the price of their crude.

Pemex, Mexico's state-owned oil monopoly, announced Monday a \$2-a-barrel cut in its heavy export crude in the face of dwindling demand on the world market. The price of its Maya crude was lowered to \$26.50 from \$28.50 a barrel retroactive to Jan. 1.

Venezuela, according to industry sources Tuesday, has also reduced the price of some of its heavier crudes, trimming between 29 cents and 90 cents a barrel on a variety of grades, with most of the cuts coming in the 70-cent-a-barrel range.

And sources reported Tuesday that Algeria has notified customers it cut its crude oil price by 50 cents a barrel to \$37 effective Jan. 1.

The Algerian cut, coming after weeks of discussions with oil company executives, matched Libya's price for a similar quality crude. But it failed to end the price advantage enjoyed by Nigeria, which is charging \$36.50 a barrel for its top-grade crude that is of similar quality.

Mexico's cut will cost the coun-

try about \$700,000 daily on exports of 1.4 million barrels. Mexico cut the price of Maya crude \$6 per barrel during 1981.

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Kaufman Projects Rate Rise

NEW YORK — Henry Kaufman, chief economist at Salomon Brothers, told a press conference Tuesday that interest rates will move irregularly higher during 1982, with long rates testing their 1981 peaks.

"There is likely to be an ongoing conflict between fiscal and monetary policies in the United States," he said, adding that this would also upset the prospects for a typical business recovery following a recession.

peaks of 1981. He said the rising interest rates will come about because of competition between corporations and the U.S. Treasury for financing.

However, short-term rates would remain volatile through

1982. He cited the consequences of the Federal Reserve's monetarism, continued deregulation of financial institutions and the introduction of new financial instruments.

(Continued on Page 9, Col. 7)

Rise in Money Supply Sends NYSE Plunging

NEW YORK — Stock prices in New York slid sharply lower Tuesday in an atmosphere of uncertainty over the direction of interest rates.

The Dow Jones industrial average closed off 17.22 points at 865.22, its largest one-day drop since Aug. 24 when it fell 20.46 points. Declines overwhelmed advances by about 1200 to 400 and volume swelled to some 48 million shares from 36.7 million Monday.

Analysts had widely expected the market to take a defensive stance today after Tuesday night's announcement of an unexpectedly large \$1.4-billion rise in weekly M-1B money supply.

Prices were lower in moderate trading of American Stock Exchange issues.

In the continuing battle for Marathon Oil, Mobil Oil made a last-ditch appeal Tuesday to Chief Justice Warren Burger in an effort to stop U.S. Steel from gaining control of Marathon on Thursday.

With time running out in the two-month struggle, Mobil attorneys rushed an emergency application to Justice Burger less than 24 hours after a federal appeals court refused a similar request.

Mobil urged the chief justice to stop temporarily U.S. Steel from

buying up Marathon shares, while Mobil petitions the Supreme Court for a full-scale review of the multi-billion dollar dispute.

The 6th U.S. Circuit Court of Appeals in Cincinnati rejected a similar request Monday, clearing the way for a return to the high court.

In currency trading in New York remained firm at the mid-session in moderately active trading at mid-session, dealers said.

The currency continued to be supported by higher U.S. interest rates, with Eurodollar deposit rates up and the federal funds rate firm.

The dollar was at 2.2595 Deutsche marks at midday, compared with 2.2570 at the opening and 2.2385 Monday. The dollar was at 1.8093 Swiss francs, up from 1.8043 earlier and 1.79 overnight, while sterling slipped to \$1.9125 from an opening \$1.9190 and Monday's close at 1.936.

On the trading floor, IBM, a big winner in recent sessions, was one of the most active issues in trading, that included blocks of 194,200 shares at 57 1/4 and 220,000 shares at 57 1/2.

Revlon made the list with a block of 490,200 shares at 30 1/4. Citicorp had a block of 207,300 shares at 25 1/4, and Phillips Petroleum 300,000 shares at 39.

Mr. Kaufman, in his annual report Prospects for Financial Markets, said the present downturn in interest rates will probably reverse before mid-year. "Thereafter, interest rates will rise irregularly." He predicted credit demand will reach record levels and that corporations will have difficulty obtaining funds. By year-end, he expects that the maturity yield curve will be flat — making it difficult for companies to extend the maturity of their debt.

Mr. Kaufman also said that the dollar will be weaker in 1982 than it was in 1981. "We don't expect the strength in the dollar in 1982 that we saw in a good part of 1981." He said he expects the Deutsche mark to strengthen against the dollar, particularly if there is some improvement in the Polish situation, and cited the recovery in the West German economy. The yen should also continue strong, he said.

Mr. Kaufman expects the economic recovery to begin in the spring, but he does not believe it will be strong since the basis for a traditional recovery was not in place.

He said that while short-term rates are unlikely to approach cyclonic highs, there is some likelihood that in the second half long-term rates will again threaten their

Money Supply Seen Halting Rate Decline

From Agency Dispatches

NEW YORK — The latest increase in money supply, announced after the New York market closed Monday, will limit any further declines in interest rates for the near future, money market analysts forecast.

"The Federal Reserve reported that the closely watched M-1B measure climbed \$1.4 billion in the week ended Dec. 23, shocking most analysts who had expected a decline. The figures, usually released on Fridays, were released Monday because of the New Year holiday.

Short- and long-term interest rates rose sharply after traders learned of the money supply increase. The Treasury's bellwether 30-year bond, which had been a point lower on the day, slipped another point, to 99 1/2, after the figures were released and the rate on six-month Treasury bills rose 50 basis points, to 12.44 percent.

On Tuesday at mid-day 30-year bonds lost another point while the yield on six-month government notes moved up to 12.53 percent. Fed Funds were quoted at 13 percent down from the earlier high of 13 1/2.

Donald E. Maude, chief economist for Merrill Lynch, said that the latest figures were "a lot stronger than anyone following the economy would believe is justified," adding, "I think the Fed will want to wait at least a month or so to see if the strength we've had over the past six weeks will continue through the new year."

Many Harris of Paine Webber said the money supply figures "were disappointing."

After several months of sluggishness, money supply growth has accelerated in the last couple of months, despite continuing evidence of weakness in the economy. Over the latest four weeks, for example, M-1B has grown at an 8.4-percent annual rate, which is above the Fed's short-term target of 7 percent.

Analysts said that while the recent money supply growth is not particularly alarming, there is concern about the strong growth that is anticipated for early January. Most analysts forecast that the M-

allow a further substantial decline in interest rates until money growth slows.

Lacy H. Hunt, chief economist of the Fidelity Bank in Philadelphia, said that Monday's money supply report was "a very negative sign."

"The latest increase, coupled with the earlier ones in November and December, gives the Fed virtually no latitude for accelerating further growth in bank reserves — and without increased bank reserves, short-term interest rates are unlikely to decline from current levels and could even begin to edge upward in February and March."

In a separate announcement, the New York Fed said that, beginning with the figures for the week ended Jan. 6, the existing M-1B measure would be renamed M-1. Under the change, the Fed said it would discontinue the so-called shift-adjusted series for M-1B.

CURRENCY RATES

Interbank exchange rates for Jan. 5, 1982, excluding bank service charges.

Currency	Per U.S.	Currency	Per U.S.	Currency	Per U.S.
Australian	2.472	Swiss	1.8093	Japanese	163.25
Belgian	36.36	Thai	20.36	South African	12.74
British	1.9125	West German	2.2595	Israeli	1.8043
Canadian	1.32	Yugoslav	13.64	Portuguese	200.48
Danish	136.76	French	6.55	Spanish	166.36
Deutsche	2.2595	Italian	1.36	Swedish	13.76
Dracma	340.75	Japanese	163.25	Swiss	1.8093
Escudo	200.48	South African	12.74	Thai	20.36
Florin	36.36	Swedish	13.76	West German	2.2595
Frank	136.76	Swiss	1.8093	Yugoslav	13.64
Guinea	200.48	Thai	20.36	Israeli	1.8043
Irish	7.8756	West German	2.2595	Portuguese	200.48
Italian	1.36	Japanese	163.25	Spanish	166.36
Japanese	163.25	South African	12.74	Swedish	13.76
Mark	2.2595	Swedish	13.76	Swiss	1.8093
Marka	200.48	Swiss	1.8093	Thai	20.36
Marko	136.76	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043
Marko	200.48	Israeli	1.8043	Portuguese	200.48
Marko	7.8756	Portuguese	200.48	Spanish	166.36
Marko	200.48	Spanish	166.36	Swedish	13.76
Marko	7.8756	Swedish	13.76	Swiss	1.8093
Marko	200.48	Swiss	1.8093	Thai	20.36
Marko	7.8756	Thai	20.36	West German	2.2595
Marko	200.48	West German	2.2595	Yugoslav	13.64
Marko	7.8756	Yugoslav	13.64	Israeli	1.8043

AMEX Nationwide Trading Closing Prices Jan. 5

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock										12 Month Stock													
High	Low	Stock	Yld	P/E	1962	High	Low	Stock	Yld	P/E	1962	High	Low	Stock	Yld	P/E	1962	High	Low	Stock	Yld	P/E	1962
199	194	AAV	2.4	11	19	199	194	AAV	2.4	11	19	199	194	AAV	2.4	11	19	199	194	AAV	2.4	11	19
198	193	AAV	2.4	11	19	198	193	AAV	2.4	11	19	198	193	AAV	2.4	11	19	198	193	AAV	2.4	11	19
197	192	AAV	2.4	11	19	197	192	AAV	2.4	11	19	197	192	AAV	2.4	11	19	197	192	AAV	2.4	11	19
196	191	AAV	2.4	11	19	196	191	AAV	2.4	11	19	196	191	AAV	2.4	11	19	196	191	AAV	2.4	11	19
195	190	AAV	2.4	11	19	195	190	AAV	2.4	11	19	195	190	AAV	2.4	11	19	195	190	AAV	2.4	11	19
194	189	AAV	2.4	11	19	194	189	AAV	2.4	11	19	194	189	AAV	2.4	11	19	194	189	AAV	2.4	11	19
193	188	AAV	2.4	11	19	193	188	AAV	2.4	11	19	193	188	AAV	2.4	11	19	193	188	AAV	2.4	11	19
192	187	AAV	2.4	11	19	192	187	AAV	2.4	11	19	192	187	AAV	2.4	11	19	192	187	AAV	2.4	11	19
191	186	AAV	2.4	11	19	191	186	AAV	2.4	11	19	191	186	AAV	2.4	11	19	191	186	AAV	2.4	11	19
190	185	AAV	2.4	11	19	190	185	AAV	2.4	11	19	190	185	AAV	2.4	11	19	190	185	AAV	2.4	11	19
189	184	AAV	2.4	11	19	189	184	AAV	2.4	11	19	189	184	AAV	2.4	11	19	189	184	AAV	2.4	11	19
188	183	AAV	2.4	11	19	188	183	AAV	2.4	11	19	188	183	AAV	2.4	11	19	188	183	AAV	2.4	11	19
187	182	AAV	2.4	11	19	187	182	AAV	2.4	11	19	187	182	AAV	2.4	11	19	187	182	AAV	2.4	11	19
186	181	AAV	2.4	11	19	186	181	AAV	2.4	11	19	186	181	AAV	2.4	11	19	186	181	AAV	2.4	11	19
185	180	AAV	2.4	11	19	185	180	AAV	2.4	11	19	185	180	AAV	2.4	11	19	185	180	AAV	2.4	11	19
184	179	AAV	2.4	11	19	184	179	AAV	2.4	11	19	184	179	AAV	2.4	11	19	184	179	AAV	2.4	11	19
183	178	AAV	2.4	11	19	183	178	AAV	2.4	11	19	183	178	AAV	2.4	11	19	183	178	AAV	2.4	11	19
182	177	AAV	2.4	11	19	182	177	AAV	2.4	11	19	182	177	AAV	2.4	11	19	182	177	AAV	2.4	11	19
181	176	AAV	2.4	11	19	181	176	AAV	2.4	11	19	181	176	AAV	2.4	11	19	181	176	AAV	2.4	11	19
180	175	AAV	2.4	11	19	180	175	AAV	2.4	11	19	180	175	AAV	2.4	11	19	180	175	AAV	2.4	11	19
179	174	AAV	2.4	11	19	179	174	AAV	2.4	11	19	179	174	AAV	2.4	11	19	179	174	AAV	2.4	11	19
178	173	AAV	2.4	11	19	178	173	AAV	2.4	11	19	178	173	AAV	2.4	11	19	178	173	AAV	2.4	11	19
177	172	AAV	2.4	11	19	177	172	AAV	2.4	11	19	177	172	AAV	2.4	11	19	177	172	AAV	2.4	11	19
176	171	AAV	2.4	11	19	176	171	AAV	2.4	11	19	176	171	AAV	2.4	11	19	176	171	AAV	2.4	11	19
175	170	AAV	2.4	11	19	175	170	AAV	2.4	11	19	175	170	AAV	2.4	11	19	175	170	AAV	2.4	11	19
174	169	AAV	2.4	11	19	174	169	AAV	2.4	11	19	174	169	AAV	2.4	11	19	174	169	AAV	2.4	11	19
173	168	AAV	2.4	11	19	173	168	AAV	2.4	11	19	173	168	AAV	2.4	11	19	173	168	AAV	2.4	11	19
172	167	AAV	2.4	11	19	172	167	AAV	2.4	11	19	172	167	AAV	2.4	11	19	172	167	AAV	2.4	11	19
171	166	AAV	2.4	11	19	171	166	AAV	2.4	11	19	171	166	AAV	2.4	11	19	171	166	AAV	2.4	11	19
170	165	AAV	2.4	11	19	170	165	AAV	2.4	11	19	170	165	AAV	2.4	11	19	170	165	AAV	2.4	11	19
169	164	AAV	2.4	11	19	169	164	AAV	2.4	11	19	169	164	AAV	2.4	11	19	169	164	AAV	2.4	11	19
168	163	AAV	2.4	11	19	168	163	AAV	2.4	11	19	168	163	AAV	2.4	11	19	168	163	AAV	2.4	11	19
167	162	AAV	2.4	11	19	167	162	AAV	2.4	11	19	167	162	AAV	2.4	11	19	167	162	AAV	2.4	11	19
166	161	AAV	2.4	11	19	166	161	AAV	2.4	11	19	166	161	AAV	2.4	11	19	166	161	AAV	2.4	11	19
165	160	AAV	2.4	11	19	165	160	AAV	2.4	11	19	165	160	AAV	2.4	11	19	165	160	AAV	2.4	11	19
164	159	AAV	2.4	11	19	164	159	AAV	2.4	11	19	164	159	AAV	2.4	11	19	164	159	AAV	2.4	11	19
163	158	AAV	2.4	11	19	163	158	AAV	2.4	11	19	163	158	AAV	2.4	11	19	163	158	AAV	2.4	11	19
162	157	AAV	2.4	11	19	162	157	AAV	2.4	11	19	162	157	AAV	2.4	11	19	162	157	AAV	2.4	11	19
161	156	AAV	2.4	11	19	161	156	AAV	2.4	11	19	161	156	AAV	2.4	11	19	161	156	AAV	2.4	11	19
160	155	AAV	2.4	11	19	160	155	AAV	2.4	11	19	160	155	AAV	2.4	11	19	160	155	AAV	2.4	11	19
159	154	AAV	2.4	11	19	159	154	AAV	2.4	11	19	159	154	AAV	2.4	11	19	159	154	AAV	2.4	11	19
158	153	AAV	2.4	11	19	158	153	AAV	2.4	11	19	158	153	AAV	2.4	11	19	158	153	AAV	2.4	11	19
157	152	AAV	2.4	11	19	157	152	AAV	2.4	11	19	157	152	AAV	2.4	11	19	157	152	AAV	2.4	11	19
156	151	AAV	2.4	11	19	156	151	AAV	2.4	11	19	156	151	AAV	2.4	11	19	156	151	AAV	2.4	11	19
155	150	AAV	2.4	11	19	155	150	AAV	2.4	11	19	155	150	AAV	2.4	11	19	155	150	AAV	2.4	11	19
154	149	AAV	2.4	11	19	154	149	AAV	2.4	11	19	154	149	AAV	2.4	11	19	154	149	AAV	2.4	11	19
153	148	AAV	2.4	11	19	153	148	AAV	2.4	11	19	153	148	AAV	2.4	11	19	153	148	AAV	2.4	11	19
152	147	AAV	2.4	11	19	152	147	AAV	2.4	11	19	152	147	AAV	2.4	11	19	152	147	AAV	2.4	11	19
151	146	AAV	2.4	11	19	151	146	AAV	2.4	11	19	151	146	AAV	2.4	11	19	151	146	AAV	2.4	11	19
150	145	AAV	2.4	11	19	150	145	AAV	2.4	11	19	150	145	AAV	2.4	11	19	150	145	AAV	2.4	11	19
149	144	AAV	2.4	11	19	149	144	AAV	2.4	11	19	149	144	AAV	2.4	11	19	149	144	AAV	2.4	11	19
148	143	AAV	2.4	11	19	148	143	AAV	2.4	11	19	148	143	AAV	2.4	11	19	148	143	AAV	2.4	11	19
147	142	AAV	2.4	11	19	147	142	AAV	2.4	11	19	147	142	AAV	2.4	11	19	147	142	AAV	2.4	11	19
146	141	AAV	2.4	11	19	146	141	AAV	2.4	11	19	146	141	AAV	2.4	11	19	146	141	AAV	2.4	11	19
145	140	AAV	2.4	11	19	145	140	AAV	2.4	11	19	145	140	AAV	2.4	11	19	145	140	AAV	2.4	11	19
144	139	AAV	2.4	11	19	144	139	AAV	2.4	11	19	144	139	AAV	2.4	11	19	144	139	AAV	2.4	11	19
143	138	AAV	2.4	11	19	143	138	AAV	2.4	11	19	143	138	AAV	2.4	11	19	143	138	AAV	2.4	11	19
142	137	AAV	2.4	11	19	142	137	AAV	2.4	11	19	142	137	AAV	2.4	11	19	142	137	AAV	2.4	11	19
141	136	AAV	2.4	11	19	141	136	AAV	2.4	11	19	141	136	AAV	2.4	11	19	141	136	AAV	2.4	11	19
140	135	AAV	2.4	11	19	140	135	AAV	2.4	11	19	140	135	AAV	2.4	11	19	140	135	AAV	2.4	11	19
139	134	AAV	2.4	11	19	139	134	AAV	2.4	11	19	139	134	AAV	2.4	11	19	139	134	AAV	2.4	11	19
138	133	AAV	2.4	11	19	138	133	AAV	2.4	11	19	138	133	AAV	2.4	11	19	138	133	AAV	2.4	11	19
137	132	AAV	2.4	11	19	137	132	AAV	2.4	11	19	137	132	AAV	2.4	11	19	137	132	AAV	2.4	11	19
136	131	AAV	2.4	11	19	136	131	AAV	2.4	11	19	136	131	AAV	2.4	11	19	136	131	AAV	2.4	11	19
135	130	AAV	2.4	11	19	135	130	AAV	2.4	11	19	135	130	AAV	2.4	11	19	135	130	AAV	2.4	11	19
134	129	AAV	2.4	11	19	134	129	AAV	2.4	11	19	134	129	AAV	2.4	11	19	134	129	AAV	2.4	11	19
133	128	AAV	2.4	11	19																		

	Close	Prev.		Close
near 60¢	183.50	180.10	Full Photo	1.270

120.00	126.00	Fujitsu	74
127.00	168.50	Hitachi	68
		Honda Motor	55

[illegible]

TOKYO Japan is pushing an idea

Reserves Undetermined

Foreign banks will have to accumulate a reserve of some size, the officials said, but added that the formula for this accumulation has not yet been decided.

The officials said the foreign banks will also be allowed the principle to take over branch offices of Japanese banks or establish locally incorporated subsidiaries in Japan but applications to do so would be screened on a case-by-case basis.

Banking sources said the ministry decided to provide the five-year grace period in case a few of the foreign banks now operating in Japan found it difficult to conform immediately to the single borrower control rule.

The Finance Ministry decided to allow foreign banks to establish locally-incorporated subsidiaries in Japan after abandoning its plan to require foreign banks to deposit the equivalent of their share capital with the Bank of Japan, the sources said.

The ministry has also decided not to require foreign banks to participate in a syndicate of 33 Japanese banks and securities houses for the underwriting of national bond flotations, the officials added.

[illegible][illegible][illegible][illegible]

U.S. COMMODITY PRICES

Chicago Futures				
Jan. 5, 1982				
WHEAT				
5000 bu minimum; dollars per bushel				
Mar	3.00	3.05	3.02	+0.01
May	2.95	3.00	2.97	+0.01
Jul	2.90	2.95	2.92	+0.01
Oct	2.85	2.90	2.87	+0.01
Dec	2.80	2.85	2.82	+0.01
Feb	2.75	2.80	2.77	+0.01
May	2.70	2.75	2.72	+0.01
Jul	2.65	2.70	2.67	+0.01
Oct	2.60	2.65	2.62	+0.01
Dec	2.55	2.60	2.57	+0.01
Feb	2.50	2.55	2.52	+0.01
May	2.45	2.50	2.47	+0.01
Jul	2.40	2.45	2.42	+0.01
Oct	2.35	2.40	2.37	+0.01
Dec	2.30	2.35	2.32	+0.01
Feb	2.25	2.30	2.27	+0.01
May	2.20	2.25	2.22	+0.01
Jul	2.15	2.20	2.17	+0.01
Oct	2.10	2.15	2.12	+0.01
Dec	2.05	2.10	2.07	+0.01
Feb	2.00	2.05	2.02	+0.01
May	1.95	2.00	1.97	+0.01
Jul	1.90	1.95	1.92	+0.01
Oct	1.85	1.90	1.87	+0.01
Dec	1.80	1.85	1.82	+0.01
Feb	1.75	1.80	1.77	+0.01
May	1.70	1.75	1.72	+0.01
Jul	1.65	1.70	1.67	+0.01
Oct	1.60	1.65	1.62	+0.01
Dec	1.55	1.60	1.57	+0.01
Feb	1.50	1.55	1.52	+0.01
May	1.45	1.50	1.47	+0.01
Jul	1.40	1.45	1.42	+0.01
Oct	1.35	1.40	1.37	+0.01
Dec	1.30	1.35	1.32	+0.01
Feb	1.25	1.30	1.27	+0.01
May	1.20	1.25	1.22	+0.01
Jul	1.15	1.20	1.17	+0.01
Oct	1.10	1.15	1.12	+0.01
Dec	1.05	1.10	1.07	+0.01
Feb	1.00	1.05	1.02	+0.01
May	0.95	1.00	0.97	+0.01
Jul	0.90	0.95	0.92	+0.01
Oct	0.85	0.90	0.87	+0.01
Dec	0.80	0.85	0.82	+0.01
Feb	0.75	0.80	0.77	+0.01
May	0.70	0.75	0.72	+0.01
Jul	0.65	0.70	0.67	+0.01
Oct	0.60	0.65	0.62	+0.01
Dec	0.55	0.60	0.57	+0.01
Feb	0.50	0.55	0.52	+0.01
May	0.45	0.50	0.47	+0.01
Jul	0.40	0.45	0.42	+0.01
Oct	0.35	0.40	0.37	+0.01
Dec	0.30	0.35	0.32	+0.01
Feb	0.25	0.30	0.27	+0.01
May	0.20	0.25	0.22	+0.01
Jul	0.15	0.20	0.17	+0.01
Oct	0.10	0.15	0.12	+0.01
Dec	0.05	0.10	0.07	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
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Jul	0.00	0.05	0.02	+0.01
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Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
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May	0.00	0.05	0.02	+0.01
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Feb	0.00	0.05	0.02	+0.01
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Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
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Dec	0.00	0.05	0.02	+0.01
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Jul	0.00	0.05	0.02	+0.01
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Dec	0.00	0.05	0.02	+0.01
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Feb	0.00	0.05	0.02	+0.01
May	0.00	0.05	0.02	+0.01
Jul	0.00	0.05	0.02	+0.01
Oct	0.00	0.05	0.02	+0.01
Dec	0.00	0.05	0.02	+0.01
Feb	0.00	0.05	0.	

NORTH
 ♠7532
 ♥Q
 ♦EQJ94
 ♣865

WEST
 ♠10
 ♥108784
 ♦A65
 ♣KQ72

EAST
 ♠KJ764
 ♥52
 ♦8732
 ♣1093

NORTH
 ♠75
 ♥—
 ♦KQJ
 ♣86

WEST
 ♠—
 ♥—
 ♦65
 ♣KQ72

EAST
 ♠KJ8
 ♥—
 ♦—
 ♣1093

SOUTH (D)
 ♠AQ98
 ♥AKJ93
 ♦10
 ♣AT4

SOUTH
 ♠A98
 ♥—
 ♦—
 ♣AT4

Neither side was vulnerable. The bidding:
 South West North East
 1♣ Dbl Redbl 1♣
 Dbl 2♣ 2♠ Pass
 3NT Pass Pass Pass

West led the heart six
 played the club king and was
 played East in his turn. He bad to win
 and lead into the A-8 of spades to give

